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No. 83

## House of Representatives

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. ISAKSON).

### DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,

June 14, 2001.

I hereby appoint the Honorable JOHNNY ISAKSON to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,  
*Speaker of the House of Representatives.*

### PRAYER

The Reverend Scott A. Dornbush, Van and Ben Wheeler United Methodist Churches, Van, Texas, offered the following prayer:

Almighty God, fountain of all wisdom, guide and direct us in the work before us.

Help us to remember that the Stars and Stripes of our flag represent the needs of a great and diverse people as well as the sacrifice of many who have made possible the freedom we enjoy.

Grant to us Your wisdom as we seek to bring comfort to those suffering the pain of poverty, conviction to those knowing the apathy of affluence, and freedom to those whose path is obstructed. Tune our ears this day, not only to the cry of the mighty, but also to the muffled silence of those without voice. May the work of our hands insure justice for all.

Bless our President and the United States of America. Amen.

### THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

### PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Maryland (Mr. CARDIN) come forward and lead the House in the Pledge of Allegiance.

Mr. CARDIN led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Monahan, one of its clerks, announced that the Senate has passed a bill of the following title in which the concurrence of the House is requested:

S. 1029. An act to clarify the authority of the Department of Housing and Urban Development with respect to the use of fees during fiscal year 2001 for the manufactured housing program.

### REVEREND SCOTT DORNBUSH

(Mr. HALL of Texas asked and was given permission to address the House for 1 minute.)

Mr. HALL of Texas. Mr. Speaker, it is my privilege to recognize again the Reverend Scott Dornbush of Van, Texas in my district who offered the opening prayer as our guest chaplain today.

Reverend Dornbush has served as pastor of the Van, Texas and Ben Wheeler, Texas United Methodist Churches since 1997. Each Sunday, Reverend Dornbush delivers three sermons, two in Van and one in Ben Wheeler, which is 10 miles away. As he says with good humor, "That's the way it's done in East Texas."

Reverend Dornbush is actively involved in numerous projects that re-

flect his commitment to the social implications of the Gospel. He has volunteered at crisis centers for abused women and children, initiated counseling groups, and authored and presented a paper on ministering to abusive families.

His churches also reflect his leadership and are well-known for their mission efforts. They provide foods for over 100 families and distribute, and this is unbelievable, over three tons of fresh produce. The churches also offer preschool and child care.

I want to commend Reverend Dornbush and those in his congregation for their efforts in meeting the needs of those in their communities through these service-based programs.

We know from experience that local citizens and local organizations have a better understanding of their communities' needs and how to meet these needs. We know that some of the most successful efforts have been sponsored by our churches and other faith-based groups.

Mr. Speaker, the time has come to include these viable programs in Federal efforts to improve the lives of our citizens, and I look forward to working with my colleagues to make this happen. I am pleased to welcome Reverend Dornbush today.

I want to also express my appreciation for the Guest Chaplain program which provides a vital spiritual link between Washington and our faith-based communities throughout America.

I thank Reverend Dornbush.

### COLONEL HUGO S. VALDIVIA

(Ms. ROS-LEHTINEN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. ROS-LEHTINEN. Mr. Speaker, I am pleased to honor my congressional constituent, Colonel Hugo Valdivia, for

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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his 25 years of service to our country in the United States Air Force.

Tomorrow will be Colonel Valdivia's formal retirement at the Pentagon and I wanted us to show our gratitude for his years of dedication to our country.

Colonel Valdivia had recently been at the Pentagon, where he had been hand-picked to serve as the Deputy Director for Information Warfare. He serves as the Air Force Advisor on the National Security Panels to the Defense Science Board and the Joint Chiefs of Staff's Quadrennial Review of military missions and forces structure.

During his distinguished career, Colonel Valdivia has received numerous accolades, including being selected by the National Security Agency as a finalist in a worldwide competition for information security accomplishments.

The Colonel has also been the Chief of the Information Assurance Division for the U.S. European Command. In addition, Colonel Valdivia was the Director for Computer Operations and Software Development for NORAD.

Please join me in showing Colonel Valdivia our gratitude for his sterling service to our country. He joins us here today with his family.

#### FLAG DAY

(Mr. CARDIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARDIN. Mr. Speaker, today marks the 224th birthday of the United States flag. The Stars and Stripes represents our spirit as a Nation, our unity as people, and our commitment to democracy throughout the world.

Today, Americans will pause for a moment as they reflect on this great Nation. I am proud that my district includes Fort McHenry. Tonight at 7 o'clock, at this historic site, the people of Baltimore will join in the National Pause for the Pledge.

It is only fitting that we honor our flag and the song that has captured its glory. Fort McHenry is the site where Francis Scott Key immortalized our flag. In writing "The Star Spangled Banner," he captured the determination of this great Nation to defeat the British during the War of 1812.

This morning, I was honored to have the opportunity to lead the House of Representatives in the Pledge of Allegiance. I urge every Member and all Americans to join me in paying tribute to this great symbol of liberty, justice and democracy and join the people of Baltimore by pausing at 7 o'clock this evening to honor our flag.

#### FATHER'S DAY

(Mr. PITTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PITTS. Mr. Speaker, on Sunday, millions of Americans will be taking dad out for dinner to celebrate Father's

Day. Father's Day is the one day every year that we set aside to say thank you to the men who raised us, taught us to fish, to play baseball, taught us to know right from wrong.

But there is a sad side to Father's Day as well. See, everyone has a father, but not everyone has a dad. In fact, fatherhood is in real trouble in America today. One-third of the children in America today do not live with their father, and one-third of all American children live in a house without an adult male.

Since 1960, the percentage of single parent families has grown 248 percent. What is the result: 226 percent increase in violent crime, 430 percent increase in out-of-wedlock teen pregnancy, sadly 134 percent increase in teen suicides. Now an absent father is not the only reason so many kids are in trouble. But can anyone doubt that it is at least part of the reason?

All the absent fathers and all the deadbeat dads in America should think hard this weekend about the role they could be playing in the lives of their children. A father's job is an important one. We should all remember that.

#### WE DO NOT NEED CHARITY, WE NEED ENERGY REGULATION

(Mr. SHERMAN asked and was given permission to address the House for 1 minute.)

Mr. SHERMAN. Mr. Speaker, in 1999, California paid \$7 billion for electrical generation. A year later, last year, we paid \$32.5 billion for the same amount of electricity. Today, with conservation efforts, we will use no more electricity than we did 2 years ago, but we will pay 50, 60 or \$70 billion for the same number of electrons. This is because so many turbines in California are, quote, closed for maintenance.

If my colleagues will see this chart, they will see that roughly 10,000 megawatts, one-fifth of everything California needs, is shut down in excessive maintenance. Why? Because the independent energy wholesalers know that by closing some turbines for maintenance, they can drive the price of other kilowatts 10 times, 20 times, sometimes 50 times higher than the fair price.

The answer is the Hunter-Eshoo bill, which will restore for at least a couple of years the regulation necessary to take the profit out of manipulation. We do not need charity. We need regulation.

#### FLAG DAY

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, today we celebrate and pay tribute to our Nation's flag and all that it symbolizes. While our Nation and Old Glory itself has grown and changed over the past two centuries, the Stars and Stripes

continue to represent the same ideals, freedoms, and liberties which we all cherish.

It is a symbol of our Nation and serves as a reminder of our historic struggles for independence. Moreover, the United States flag embodies the hopes and dreams of people around the world. To millions, Old Glory symbolizes the American dream, the dream of having the freedom and opportunity to accomplish anything.

So as we continue on with our business today, let us each take an extra moment to recognize Old Glory because we are all truly blessed to live under the freedoms and liberty for which the Stars and Stripes stand.

#### CHINESE MISSILES BUILT WITH AMERICAN TAXPAYER DOLLARS

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, the constituents of the gentleman from Idaho (Mr. SIMPSON) were honored to visit our Marine base at Quantico. They even got a gift. The token gift is a Communist-made calculator with "Marines" printed on one side and "Made in China" printed on the other.

Unbelievable. First, the Pentagon buys boots made in China. Now the Pentagon buys Communist gifts made in China. What is next? Generals and missiles made in China?

This is not the Marine Corps to blame, nor the fine Marines like Oliver North. It is the bureaucrats at the Pentagon, and they should be stone-cold fired.

I have asked for an investigation. My colleagues should join me. Enough is enough.

I yield back the fact, while we celebrate Flag Day in our great country, China has missiles pointed at us that were built with money taken from U.S. taxpayers/paychecks.

#### ENERGY POLICY

(Mr. RYUN of Kansas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RYUN of Kansas. Mr. Speaker, I rise today to call on all of us to work together to find long-term solutions to our energy problems. The energy crunch affects all of us from the farmer who pays more for diesel fuel to families who are on summer vacation.

After 8 years of neglect towards our national energy policy, we find ourselves trying to deal with higher costs, at the same time looking for long-term solutions.

President Bush's plan for our energy policy is forward thinking and sensible. His plan focuses both on our need for conservation and our need for increasing energy sources. Best of all, the plan addresses these needs without sacrificing our way of life or the environment.

As we move forward, let us look to what John Foster Dulles once said, "The measure of success is not whether you have a tough problem to deal with, but whether it is the same problem you had last year."

The sooner we act on a comprehensive energy policy, the sooner we will find relief.

#### REPUBLICANS LOSE IN THE COURT OF PUBLIC OPINION ON ENERGY ISSUES

(Mr. DEFAZIO asked and was given permission to address the House for 1 minute.)

Mr. DEFAZIO. Mr. Speaker, after pushing through President Bush's budget cuts cutting energy conservation by 21 percent and renewable energy by 35 percent, fighting tooth and nail against reasonable controls and Federal regulation of price gouging and market manipulation in the western U.S., offering a so-called energy plan that James Watt wholeheartedly supported, saying, hey, 20 years later, it looks like they dusted off our old work.

Well, it might play well in the board rooms of my Republican friends' campaign contributors, with the energy conglomerates, but they know they are losing in the court of public opinion.

□ 1015

So somehow they are going to try a new tack, and I quote: "Congressional Republican leaders have issued dire, albeit private, warnings to the energy industry that they may not be able to block legislation imposing caps on prices or other measures designed to give the Federal Government a greater role in setting rates for wholesale energy, oil or natural gas."

So the response is spin and advertising. We are offering a real alternative, an alternative that will give relief to the people in the western U.S. from price gouging and market manipulation, an alternative that will give the American people a sustainable, renewable energy future with conservation and renewable resources.

This is a stark choice for the American people: hot air or a real energy policy that benefits consumers.

#### HAPPY BIRTHDAY TO THE U.S. ARMY

(Mrs. JO ANN DAVIS of Virginia asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. JO ANN DAVIS of Virginia. Mr. Speaker, since its birth on June 14, 1775, the United States Army has played a vital role in the growth and development of the American Nation. It won the new Republic's independence in an arduous 8-year struggle against Great Britain. The Army has repeatedly defended America against both internal and external threats, from the War of 1812 through the tremendous battles that finally rid the

world of Nazi totalitarianism, Japanese imperialism, and communism.

From the beginning, the U.S. Army has also been involved with internal improvements: natural disaster relief, economic assistance, domestic order, and a host of other contingencies. Our Army has a proud tradition and continues to draw great satisfaction from knowing that when the Nation was in need, it answered the call.

Mr. Speaker, I am honored to stand here today and wish the men and women of the U.S. Army a very happy birthday.

#### CALIFORNIA'S ENERGY CRISIS

(Mr. GEORGE MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEORGE MILLER of California. Mr. Speaker, after months and months of watching the Bush administration do nothing to help the California consumers and the California business community with the price gouging that is going on in energy, after months of having the White House act as the puppet of the oil industry, after months of watching an administration that is full of ex-oil industry executives give private meetings to the oil industry on their energy plan, and seeing the very people who are making the decisions about our energy future hold stock in the energy companies, after months of this kind of activity and insensitivity to the Western energy users in this country, the Republicans and the White House now understand that the American people are no longer going to continue to accept this administration doing nothing about the price gouging that is going on in the western United States with respect to energy while at the same time those very energy executives of the companies that are punishing the California consumer, punishing California businesses, punishing the workers and punishing our economy are cashing stock options worth \$300 million as they gouge the people in the western United States.

#### PORKER OF THE WEEK AWARD

(Mr. HEFLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HEFLEY. Mr. Speaker, only a few months after the U.S. Postal Service hiked its first-class postal rates, the quasi-Federal agency is again set to increase mail costs, this time by as much as 25 to 30 percent. The hike comes in response to the agency's projected loss of \$2 to \$3 billion this year and a report from its own Inspector General that the agency loses approximately \$1.4 billion per year in waste and abuse.

Charges of abuse at the Post Office include \$200 million worth of lavish executive parties, large-scale junkets, high-priced publicity campaigns, and

generous employee bonuses. The agency managed to rack up \$9.3 billion in debt by the end of fiscal year 2000, but has yet to put in place a repayment program for that debt.

The American consumer should not have to pay increased mail costs to repair inefficiency and waste at the Postal Service. The Postal Service gets my porker of the week award.

#### TRIBUTE TO HOLLY WARLICK

(Mr. DUNCAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DUNCAN. Mr. Speaker, I rise today to pay tribute and offer my congratulations to my friend Holly Warlick. Holly was inducted this past weekend into the Women's Basketball Hall of Fame in our hometown of Knoxville, Tennessee.

Holly was the first athlete, male or female, to have her number retired at the University of Tennessee. She was a star point guard and 4-year starter for the Lady Vols from 1977 to 1980. She was placed on the U.S. Olympic team that year and later played in the first women's professional basketball league.

For the past 16 years, she has been an assistant coach to the great Pat Head Summit, and the Lady Vols basketball team has won many national championships and is always ranked among the Nation's top.

Holly Warlick is an inspiration to young girls and women everywhere and one of our finest citizens. I congratulate her on a well-deserved honor, her induction into the Women's Basketball Hall of Fame.

#### FERC'S INADEQUATE RESPONSE TO WESTERN ENERGY CRISIS

(Ms. HOOLEY of Oregon asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. HOOLEY of Oregon. Mr. Speaker, I rise today to share with my colleagues a letter I received from William Massey, one of the three commissioners from the Federal Energy Regulatory Commission.

FERC has a responsibility by law to regulate energy prices when they are unjust and unreasonable. Californians spent \$7 billion last year on energy. This year, the energy costs were \$70 billion. The same thing is happening in Oregon. Can somebody explain to me what is just and reasonable about that?

This administration has taken a hands-off approach to the energy crisis in the West and FERC has shirked its responsibilities to maintain a fair market for consumers. Recently, I, along with my colleagues, wrote to FERC commissioners and ask they take steps to ensure that energy prices out west are just and reasonable. So I would like to take a second and read Commissioner Massey's short but appropriate response.

He says, "Thank you for writing to express disappointment with FERC's wholly inadequate response to the Western energy crisis. My response will be brief. I completely agree with you. The commission must take additional steps to ensure that prices out west are just and reasonable."

I just wish this administration would do the same.

#### FATHER'S DAY

(Mr. MCINTYRE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MCINTYRE. Mr. Speaker, what happens to the family matters. It matters to our children, it matters to our parents, it matters to our communities, it matters, yes, to our Nation.

This Sunday, families all across America will come together and honor the role that fathers play in our families and in our society. I am grateful for the role that my father and his love for my family and me has played in my life. However, for many families, this will be just another Sunday, because there is no dad at home. In fact, an estimated 24.7 million children in this country live absent their biological fathers for whatever reason.

As Members of the people's House, each of us should do all we can to promote policies and support programs that are father-friendly and that help families that may not have a father.

First, we should pass H.R. 1300, the Responsible Fatherhood Act, that would provide resources to encourage responsible fatherhood and fund programs for local government, nonprofits, and religious and charitable organizations to help children.

Second, we should all take time to lend our hands and our hearts to those children that may not have a dad around. Read to them, take them to a ball game, take time to talk, or just take time to listen.

May God bless our fathers, especially this Father's Day.

#### PROVIDING FOR CONSIDERATION OF H.R. 1088, INVESTOR AND CAPITAL MARKETS FEE RELIEF ACT

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 161 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

##### H. RES. 161

*Resolved*, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 1088) to amend the Securities Exchange Act of 1934 to reduce fees collected by the Securities and Exchange Commission, and for other purposes. The bill shall be considered as read for amendment. In lieu of the amendment recommended by the Committee on Financial Services now printed in the bill, the amendment in the nature of a substitute printed in the Congressional Record and numbered 1

pursuant to clause 8 of rule XVIII shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, and on any further amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services; (2) the further amendment printed in the Congressional Record and numbered 2 pursuant to clause 8 of rule XVIII, if offered by Representative LaFalce of New York or his designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. ISAKSON). The gentleman from Georgia (Mr. LINDER) is recognized for 1 hour.

Mr. LINDER. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentlewoman from New York (Ms. SLAUGHTER); pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 161 is a modified closed rule providing for the consideration of H.R. 1088, the Investor and Capital Markets Fee Relief Act. This bill is designed to provide tax relief to investors and market participants by reducing or eliminating many of the user fees imposed by the Securities and Exchange Commission for buying and selling securities.

H. Res. 161 provides for 1 hour of debate equally divided and controlled by the chairman and the ranking minority member of the Committee on Financial Services. Upon the adoption of this rule, an amendment in the nature of a substitute, printed in the CONGRESSIONAL RECORD and offered by the gentleman from Ohio (Mr. OXLEY), chairman of the Committee on Financial Services, will be considered as adopted in lieu of the amendment originally recommended by the Committee on Financial Services.

The rule also makes in order a substitute amendment for the minority, offered by the gentleman from New York (Mr. LAFALCE) or his designee, which can be debated for up to 1 hour, evenly divided.

The rule also waives all points of order against consideration of both amendments. Finally, the rule provides for one motion to recommit with or without instructions as is the right of the minority.

Mr. Speaker, the purpose of H.R. 1088 is to provide significant tax relief to millions and millions of investors and market participants. When it was originally established, the SEC was supposed to be a user fee-funded entity. The SEC currently taxes investors and companies trading in securities with user fees, using the monies generated by these fees to fund its enforcement of Federal securities' laws and regulations.

As investments in mutual funds, 401(k) plans, and retirement funds have

dramatically increased over the last 20 years, the SEC's current fee schedule has unfortunately not been changed to reflect these new circumstances. This has, in turn, created a situation in which billions of dollars in SEC fees, above and beyond the level needed to fund its enforcement activities, are being used for other purposes. H.Res. 161 modernizes the fee schedule, saving investors and companies \$14 billion over the next 10 years by significantly reducing five SEC taxes on securities transactions.

The bill provides much needed relief for investors and companies by also terminating the mandatory application fees and reducing registration fees. Also, the new fee schedule gives the SEC the necessary funding to continue enforcing our laws while retaining top quality employees.

□ 1030

Mr. Speaker, I hope my friends on both sides of the aisle will join me in supporting this legislation to return a greater portion of the Federal Government's excess funds to our investors so they can use these moneys as they see fit.

The Committee on Rules approved this rule by voice vote yesterday, and I urge my colleagues to support it so we may proceed with debate and consideration of this bipartisan bill.

Mr. Speaker, I reserve the balance of my time.

(Ms. SLAUGHTER asked and was given permission to revise and extend her remarks.)

Ms. SLAUGHTER. Mr. Speaker, I yield myself such time as I may consume; and I thank my colleague from Georgia (Mr. LINDER) for yielding me the customary time.

Mr. Speaker, this is a modified closed rule that will allow for the consideration of H.R. 1088, the Investor and Capital Markets Fee Relief Act.

Under this restrictive rule, a Democratic substitute may be offered on the floor by the gentleman from New York (Mr. LAFALCE). Unfortunately, no other amendments may be offered.

The underlying bill reduces fees levied by the Securities and Exchange Commission for stock-related transactions. This will result in a loss of about \$14 billion in Federal receipts between the years 2002 and 2011. This general budget effect is a large revenue depletion. In the year 2002 alone, CBO estimates this will be more than \$1.3 billion. It is a drain on the treasury.

The reduction of fees is motivated by an increase in collections, which is the result of greater stock market activity in the last few years. It makes perfect sense to reduce fees that might benefit individual investors. In fact, the Democratic substitute would do just that. However, given the uncertain future of financial markets and the unforeseeable need for regulation and enforcement, it seems imprudent to reduce revenues by such a large amount as this bill does. Moreover, minority

members of the Committee on Financial Services warn that these cuts could ultimately result in cuts in important government programs like Head Start, medical research, and transportation and infrastructure improvements.

A more sound approach would be to examine the long-term needs of the Securities and Exchange Commission as well as other government activities involved with protecting the securities markets, including the Federal Bureau of Investigation inquiries, Department of Justice criminal prosecutions, and any other Federal resources needed to prosecute securities cases. Only then would we have a sound basis for establishing an appropriate fee reduction.

Mr. Speaker, for these reasons, I urge my colleagues to support the Democratic substitute at the proper time.

Mr. Speaker, I reserve the balance of my time.

Mr. LINDER. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. OXLEY), the chairman of the Committee on Financial Services.

(Mr. OXLEY asked and was given permission to revise and extend his remarks.)

Mr. OXLEY. Mr. Speaker, I thank the gentleman from Georgia (Mr. LINDER), the gentleman from California (Mr. DREIER), and the rest of the Committee on Rules for crafting a very effective rule; a rule that allows the gentleman from New York (Mr. LAFALCE), the ranking member of the Committee on Financial Services, to offer his substitute amendment for consideration by the House.

Congress has authorized the Securities and Exchange Commission to impose user fees on investors and market participants. The fee, intended to fund Securities and Exchange Commission operations, has turned into a cash cow for the U.S. Treasury. The government now collects fee revenues that far exceed the operating cost of the Securities and Exchange Commission. In fiscal year 2002, actual Securities and Exchange Commission collections reached a staggering \$2.27 billion. That is over six times the Securities and Exchange Commission's \$377 million budget.

H.R. 1088, the Investor and Capital Markets Fee Relief Act, addresses this excess collections problem. It is important legislation that returns some \$14 billion over the next 10 years to America's investors and those seeking access to our markets. It reduces or eliminates all of the excess securities fees in a responsible way, holding the appropriators harmless and ensuring that the Securities and Exchange Commission has a long-term stable funding source for its important mission of protecting investors and promoting capital formation.

Mr. Speaker, the legislation introduced by my good friend, the gentleman from New York (Mr. FOSSELLA), will help America's nearly 100 million investors save and invest for college, retirement, or simply for a better life.

H.R. 1088 includes pay parity for the Securities and Exchange Commission staff. The SEC is experiencing severe recruiting and retention problems. In the last 3 years, more than 1,000 employees, over one-third of the agency staff, have left the agency. The Securities and Exchange Commission's overall attrition rate is more than twice the government average.

In an effort to combat this staffing crisis, the Securities and Exchange Commission has explored every available tool, including recruitment bonuses, retention allowances, emergency child care and other measures. There is no justification whatsoever for paying Securities and Exchange Commission staff 24 to 39 percent less than the Federal banking regulators, especially in light of the passage of Gramm-Leach-Bliley which requires the SEC staff to work side by side with the Federal banking regulators.

Mr. Speaker, I urge my colleagues to support this very fair rule, and support this needed legislation. Let us give money back to investors and strengthen the Securities and Exchange Commission at the same time.

Ms. SLAUGHTER. Mr. Speaker, I yield 2½ minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Mr. Speaker, I rise in support of the rule and the underlying bill. Investors and capital market participants were overcharged \$9.2 billion over the last 10 years in fees that support the operations of the Securities and Exchange Commission. These overcharges will grow to \$14 billion over the next 10 years without fee relief now.

For fiscal year 2001, the Securities and Exchange Commission's budget is \$423 million, but the agency is set to collect \$2.5 billion in fees, over 6 times the Securities and Exchange Commission's budget. Congress created the fee structure so that the operating costs of the Securities and Exchange Commission would be funded by those benefiting from securities regulation. The fees have evolved into a tax on investors which was not the original intent of Congress.

The Investor and Capital Markets Fee Relief Act reduces the fees on stock transactions, mergers, tender offers and new issues that investors and market participants pay to support the Securities and Exchange Commission. These fees, many of which are paid by individual investors and pension funds, were never intended to grow so dramatically. At the same time, the legislation provides pay parity for Securities and Exchange Commission employees.

Mr. Speaker, the Investor and Capital Markets Fee Relief Act will save \$14 billion that can potentially be reinvested in the capital markets. It allows fees to be readjusted if the Securities and Exchange Commission ever faces a funding shortage. It provides pay parity for Securities and Exchange Commission employees. The agency has

lost one-third of its employees in the last 3 years, and is truly facing a staffing crisis.

Mr. Speaker, this particular bill passed the Committee on Financial Services and the full Senate by unanimous consent. I urge my colleagues to support both the rule and the underlying bill.

Ms. SLAUGHTER. Mr. Speaker, I have no further requests for time; and I yield back the balance of my time.

Mr. LINDER. Mr. Speaker, I urge my colleagues to support this rule so we can move on to debate on this important bill.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore (Mr. ISAKSON). The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. SLAUGHTER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 9 of rule XX, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of agreeing to the resolution.

The vote was taken by electronic device, and there were—yeas 418, nays 1, not voting 13, as follows:

[Roll No. 162]

YEAS—418

Abercrombie	Brady (PA)	Davis (FL)
Ackerman	Brady (TX)	Davis (IL)
Aderholt	Brown (OH)	Davis, Jo Ann
Akin	Brown (SC)	Davis, Tom
Allen	Bryant	Deal
Andrews	Burr	DeFazio
Armey	Burton	Delahunt
Baca	Buyer	DeLauro
Bachus	Callahan	DeLay
Baird	Calvert	DeMint
Baker	Camp	Deutsch
Baldacci	Cannon	Diaz-Balart
Baldwin	Cantor	Dicks
Ballenger	Capito	Dingell
Barcia	Capps	Doggett
Barr	Capuano	Dooley
Barrett	Cardin	Doolittle
Bartlett	Carson (OK)	Doyle
Barton	Castle	Dreier
Bass	Chabot	Duncan
Becerra	Chambliss	Dunn
Bentsen	Clay	Edwards
Bereuter	Clayton	Ehlers
Berkley	Clement	Ehrlich
Berman	Clyburn	Emerson
Berry	Coble	English
Biggert	Collins	Eshoo
Bilirakis	Combest	Etheridge
Bishop	Condit	Evans
Blagojevich	Conyers	Everett
Blumenauer	Cooksey	Farr
Blunt	Costello	Fattah
Boehlert	Cox	Filner
Boehner	Coyne	Flake
Bonilla	Cramer	Fletcher
Bonior	Crane	Foley
Bono	Crenshaw	Ford
Borski	Crowley	Fossella
Boswell	Culberson	Frank
Boucher	Cunningham	Frelinghuysen
Boyd	Davis (CA)	Gallegly

Ganske  
Gekas  
Gephardt  
Gibbons  
Gilchrest  
Gillmor  
Gilman  
Gonzalez  
Goode  
Goodlatte  
Gordon  
Goss  
Graham  
Granger  
Graves  
Green (TX)  
Green (WI)  
Greenwood  
Grucci  
Gutierrez  
Gutknecht  
Hall (OH)  
Hall (TX)  
Hansen  
Harman  
Hart  
Hastings (FL)  
Hastings (WA)  
Hayes  
Hayworth  
Hefley  
Herger  
Hill  
Hilleary  
Hilliard  
Hinchey  
Hinojosa  
Hobson  
Hoefel  
Hoekstra  
Holden  
Holt  
Honda  
Hooley  
Horn  
Hostettler  
Hoyer  
Hulshof  
Hunter  
Hutchinson  
Hyde  
Inslee  
Isakson  
Israel  
Issa  
Istook  
Jackson (IL)  
Jackson-Lee  
(TX)  
Jefferson  
Jenkins  
John  
Johnson (CT)  
Johnson (IL)  
Johnson, Sam  
Jones (NC)  
Kaptur  
Keller  
Kelly  
Kennedy (MN)  
Kennedy (RI)  
Kerns  
Kildee  
Kilpatrick  
Kind (WI)  
King (NY)  
Kingston  
Kirk  
Klecza  
Knollenberg  
Kolbe  
Kucinich  
LaFalce  
LaHood  
Lampson  
Langevin  
Lantos  
Largent  
Larsen (WA)  
Larsen (CT)  
Latham  
LaTourette  
Leach  
Lee  
Levin  
Lewis (CA)  
Lewis (GA)  
Lewis (KY)  
Linder

Lipinski  
LoBiondo  
Lofgren  
Lowey  
Lucas (KY)  
Lucas (OK)  
Luther  
Maloney (CT)  
Maloney (NY)  
Manzullo  
Markey  
Mascara  
Matheson  
Matsui  
McCarthy (MO)  
McCarthy (NY)  
McCollum  
McCrery  
McDermott  
McGovern  
McHugh  
McInnis  
McIntyre  
McKeon  
McKinney  
McNulty  
Meehan  
Meek (FL)  
Meeks (NY)  
Menendez  
Mica  
Miller (FL)  
Miller, Gary  
Miller, George  
Mink  
Mollohan  
Moore  
Moran (KS)  
Moran (VA)  
Morella  
Murtha  
Myrick  
Nadler  
Napolitano  
Neal  
Nethercutt  
Ney  
Northup  
Norwood  
Nussle  
Oberstar  
Obey  
Oliver  
Ortiz  
Osborne  
Ose  
Otter  
Owens  
Oxley  
Pallone  
Pascrell  
Pastor  
Paul  
Payne  
Pelosi  
Peterson (MN)  
Peterson (PA)  
Petri  
Phelps  
Pickering  
Pitts  
Platts  
Pombo  
Pomeroy  
Portman  
Price (NC)  
Pryce (OH)  
Putnam  
Quinn  
Radanovich  
Rahall  
Ramstad  
Rangel  
Regula  
Rehberg  
Reyes  
Reynolds  
Riley  
Rivers  
Rodriguez  
Roemer  
Rogers (KY)  
Rogers (MI)  
Rohrabacher  
Ros-Lehtinen  
Ross

Rothman  
Roukema  
Roybal-Allard  
Royce  
Rush  
Ryan (WI)  
Ryun (KS)  
Sabo  
Sanchez  
Sanders  
Sandlin  
Sawyer  
Saxton  
Scarborough  
Schaffer  
Schakowsky  
Schiff  
Schrock  
Scott  
Sensenbrenner  
Serrano  
Sessions  
Shadegg  
Shaw  
Shays  
Sherman  
Sherwood  
Shimkus  
Shows  
Shuster  
Simmons  
Simpson  
Skeen  
Skelton  
Slaughter  
Smith (MI)  
Smith (NJ)  
Smith (TX)  
Smith (WA)  
Snyder  
Solis  
Souder  
Spence  
Spratt  
Stark  
Stearns  
Stenholm  
Strickland  
Stump  
Stupak  
Sununu  
Sweeney  
Tancredo  
Tanner  
Tauscher  
Tauzin  
Taylor (MS)  
Taylor (NC)  
Terry  
Thomas  
Thompson (CA)  
Thompson (MS)  
Thornberry  
Thune  
Thurman  
Tiahrt  
Tiberi  
Tierney  
Toomey  
Towns  
Trafigant  
Turner  
Udall (CO)  
Udall (NM)  
Upton  
Velazquez  
Visclosky  
Vitter  
Walden  
Walsh  
Wamp  
Waters  
Watkins (OK)  
Watson (CA)  
Watt (NC)  
Watts (OK)  
Waxman  
Weiner  
Weldon (FL)  
Weldon (PA)  
Weller  
Wexler  
Wicker  
Wilson  
Wolf  
Woolsey  
Wu  
Wynn  
Young (FL)

NOT VOTING—13

Brown (FL)  
Carson (IN)  
Cubin  
Cummings  
DeGette

Engel  
Ferguson  
Frost  
Houghton  
Johnson, E. B.

Jones (OH)  
Whitfield  
Young (AK)

□ 1103

Mr. BURTON of Indiana and Mrs. NORTHUP changed their vote from “nay” to “yea.”

So the previous question was ordered. The result of the vote was announced as above recorded.

Stated for:

Ms. CARSON of Indiana. Mr. Speaker, for reasons beyond my control, the voting machine would not accept my voting card on Thursday, June 14, 2001, and therefore, I was unable to vote on rollcall vote 162. I alerted the Speaker pro tempore, Mr. QUINN, to the problem, but by the time I reached the well, the voting was closed. Had I been able to cast my vote I would have voted “yea”.

The SPEAKER pro tempore (Mr. ISAKSON). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Ms. SLAUGHTER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 408, noes 12, not voting 12, as follows:

[Roll No. 163]

AYES—408

Abercrombie  
Ackerman  
Aderholt  
Akin  
Allen  
Andrews  
Armey  
Baca  
Bachus  
Baird  
Capito  
Capps  
Baldacci  
Baldwin  
Ballenger  
Barcia  
Barr  
Barrett  
Bartlett  
Barton  
Bass  
Becerra  
Bentsen  
Bereuter  
Berkley  
Berman  
Berry  
Biggest  
Bilirakis  
Bishop  
Blagojevich  
Blumenauer  
Blunt  
Boehlert  
Boehner  
Bonilla  
Bonior  
Bono  
Borski  
Boswell  
Boucher  
Boyd  
Brady (PA)  
Brady (TX)  
Brown (OH)

Brown (SC)  
Bryant  
Burr  
Buyer  
Callahan  
Calvert  
Camp  
Cannon  
Cantor  
Capito  
Capps  
Capuano  
Cardin  
Carson (IN)  
Carson (OK)  
Castle  
Chabot  
Chambliss  
Clay  
Clayton  
Clement  
Clyburn  
Coble  
Collins  
Combest  
Condit  
Conyers  
Cooksey  
Cox  
Coyne  
Cramer  
Crane  
Crenshaw  
Crowley  
Culberson  
Cummings  
Cunningham  
Davis (CA)  
Davis (FL)  
Davis (IL)  
Davis, Jo Ann  
Davis, Tom  
Deal  
Delahunt

DeLauro  
DeLay  
DeMint  
Deutsch  
Diaz-Balart  
Dickens  
Dingell  
Doggett  
Dooley  
Doolittle  
Doyle  
Dreier  
Duncan  
Dunn  
Edwards  
Ehlers  
Ehrlich  
Emerson  
Engel  
English  
Eshoo  
Etheridge  
Evans  
Everett  
Farr  
Fattah  
Filner  
Flake  
Fletcher  
Foley  
Ford  
Fossella  
Frelinghuysen  
Gallegly  
Ganske  
Gephardt  
Gibbons  
Gilchrest  
Gillmor  
Gilman  
Gonzalez  
Goode  
Goodlatte

Gordon  
Goss  
Graham  
Granger  
Graves  
Green (TX)  
Green (WI)  
Greenwood  
Grucci  
Gutierrez  
Gutknecht  
Hall (OH)  
Hall (TX)  
Hansen  
Harman  
Hart  
Hastings (FL)  
Hastings (WA)  
Hayes  
Hayworth  
Hefley  
Herger  
Hill  
Hilleary  
Hinchey  
Hinojosa  
Hobson  
Hoefel  
Hoekstra  
Holden  
Holt  
Honda  
Hooley  
Horn  
Hostettler  
Hoyer  
Hulshof  
Hunter  
Hutchinson  
Hyde  
Inslee  
Isakson  
Israel  
Issa  
Istook  
Jackson (IL)  
Jackson-Lee  
(TX)  
Jefferson  
Jenkins  
Johnson (CT)  
Johnson (IL)  
Johnson, Sam  
Jones (NC)  
Kaptur  
Keller  
Kelly  
Kennedy (MN)  
Kennedy (RI)  
Kerns  
Kildee  
Kilpatrick  
Kind (WI)  
King (NY)  
Kingston  
Kirk  
Klecza  
Knollenberg  
Kolbe  
Kucinich  
LaHood  
Lampson  
Langevin  
Lantos  
Largent  
Larsen (WA)  
Larsen (CT)  
Latham  
LaTourette  
Leach  
Lee  
Levin  
Lewis (CA)  
Lewis (GA)  
Lewis (KY)  
Luther

Maloney (CT)  
Maloney (NY)  
Manzullo  
Markey  
Mascara  
Matheson  
Matsui  
McCarthy (MO)  
McCarthy (NY)  
McCollum  
McCrery  
McDermott  
McGovern  
McHugh  
McInnis  
McIntyre  
McKeon  
McKinney  
McNulty  
Meehan  
Meek (FL)  
Meeks (NY)  
Menendez  
Mica  
Miller (FL)  
Miller, Gary  
Miller, George  
Mink  
Mollohan  
Moore  
Moran (KS)  
Moran (VA)  
Morella  
Murtha  
Myrick  
Nadler  
Napolitano  
Neal  
Nethercutt  
Ney  
Northup  
Norwood  
Nussle  
Oberstar  
Obey  
Oliver  
Ortiz  
Osborne  
Ose  
Otter  
Owens  
Oxley  
Pallone  
Pascrell  
Pastor  
Paul  
Payne  
Pelosi  
Peterson (MN)  
Peterson (PA)  
Petri  
Phelps  
Pickering  
Pitts  
Platts  
Pombo  
Pomeroy  
Portman  
Price (NC)  
Pryce (OH)  
Putnam  
Quinn  
Radanovich  
Ramstad  
Rangel  
Regula  
Rehberg  
Reyes  
Reynolds  
Riley  
Rivers  
Rodriguez  
Roemer  
Rogers (KY)  
Rogers (MI)  
Rohrabacher  
Ros-Lehtinen  
Ross

Roybal-Allard  
Royce  
Rush  
Ryan (WI)  
Ryun (KS)  
Sabo  
Sanchez  
Sanders  
Sandlin  
Sawyer  
Saxton  
Scarborough  
Schaffer  
Schakowsky  
Schiff  
Schrock  
Scott  
Sensenbrenner  
Serrano  
Sessions  
Shadegg  
Shaw  
Shays  
Sherman  
Sherwood  
Shimkus  
Shows  
Shuster  
Simmons  
Simpson  
Skeen  
Skelton  
Slaughter  
Smith (MI)  
Smith (NJ)  
Smith (TX)  
Smith (WA)  
Snyder  
Solis  
Souder  
Spence  
Spratt  
Stark  
Stearns  
Stenholm  
Strickland  
Stump  
Stupak  
Sununu  
Sweeney  
Tancredo  
Tanner  
Tauscher  
Tauzin  
Taylor (NC)  
Terry  
Thomas  
Thompson (CA)  
Thompson (MS)  
Thornberry  
Thune  
Thurman  
Tiahrt  
Tiberi  
Tierney  
Toomey  
Towns  
Trafigant  
Turner  
Udall (CO)  
Udall (NM)  
Upton  
Walsh  
Wamp  
Watkins (OK)  
Watson (CA)  
Watt (NC)  
Watts (OK)  
Waxman  
Weiner  
Weldon (FL)  
Weldon (PA)  
Weller  
Wexler  
Wicker  
Wilson  
Wolf  
Woolsey  
Wynn  
Young (FL)

NOES—12

Burton  
Costello

DeFazio  
Frank

Hilliard  
Kanjorski

LaFalce  
RahallTaylor (MS)  
ViscloskyWaters  
Wu

## NOT VOTING—12

Brown (FL)  
Cubin  
DeGette  
FergusonFrost  
Houghton  
John  
Johnson, E. B.Jones (OH)  
Velazquez  
Whitfield  
Young (AK)

□ 1114

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

#### REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1319

Ms. HART. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 1319.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### COMMUNICATION FROM THE HONORABLE DICK ARMEY, MAJORITY LEADER

The SPEAKER pro tempore laid before the House a communication from the Honorable DICK ARMEY, Majority Leader:

HOUSE OF REPRESENTATIVES,  
Washington, DC, June 12, 2001.

Hon. J. DENNIS HASTERT,  
Speaker of the House of Representatives,  
The Capitol, Washington, DC.

DEAR MR. SPEAKER: Pursuant to 20 U.S.C. 4703, I would like to appoint Mr. Stump of Arizona to the board of Trustees of the Barry Goldwater Scholarship and Excellence in Education Foundation.

Sincerely,

DICK ARMEY,  
Member of Congress.

#### INVESTOR AND CAPITAL MARKETS FEE RELIEF ACT

Mr. OXLEY. Mr. Speaker, pursuant to House Resolution 161, I call up the bill (H.R. 1088) to amend the Securities Exchange Act of 1934 to reduce fees collected by the Securities and Exchange Commission, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 161, the bill is considered read for amendment.

The text of H.R. 1088 is as follows:

H.R. 1088

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Investor and Capital Markets Fee Relief Act".

#### SEC. 2. IMMEDIATE TRANSACTION FEE REDUCTIONS.

Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is amended—

(1) by striking " $\frac{1}{500}$  of one percent" each place it appears in subsections (b) and (d) and inserting "\$12 per \$1,000,000";

(2) in the first sentence of subsection (b), by striking "except that" and all that follows through the end of such sentence;

(3) in paragraph (1) of subsection (d), by striking "except that" and all that follows through the end of such paragraph;

(4) in subsection (e), by striking "\$0.02" and inserting "\$0.0072"; and

(5) by adding at the end the following new subsection:

"(1) PRO RATA APPLICATION.—The rates per \$1,000,000 required by this section shall be applied pro rata to amounts and balances equal to less than \$1,000,000."

#### SEC. 3. REVISION OF SECURITIES TRANSACTION FEE PROVISIONS; ADDITIONAL FEE REDUCTIONS.

(a) POOLING AND ALLOCATION OF COLLECTIONS.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is further amended—

(1) in subsection (b)—

(A) by striking "Every" and inserting "Subject to subsection (j), each"; and

(B) by striking the last sentence;

(2) by striking subsection (c);

(3) in subsection (d)—

(A) by striking paragraphs (2) and (3);

(B) by striking the following:

"(d) OFF-EXCHANGE TRADES OF LAST-SALE-REPORTED SECURITIES.—

"(1) COVERED TRANSACTIONS.—Each national securities"

and inserting the following:

"(c) OFF-EXCHANGE TRADES OF EXCHANGE REGISTERED AND LAST-SALE-REPORTED SECURITIES.—Subject to subsection (j), each national securities";

(C) by inserting "registered on a national securities exchange or" after "security futures products"; and

(D) by striking "excluding any sales for which a fee is paid under subsection (c)";

(4) in subsection (e)—

(A) by striking "except that for fiscal year 2007" and all that follows through the end of such subsection and inserting the following: "except that for fiscal year 2007 and each succeeding fiscal year such assessment shall be equal to \$0.0042 for each such transaction.";

(5) in subsection (f), by striking "DATES FOR PAYMENT OF FEES.—The fees required" and inserting "DATES FOR PAYMENTS.—The fees and assessments required";

(6) by redesignating subsections (e) through (i) (as added by section 2(5)) as subsections (d) through (h), respectively;

(7) by adding at the end the following new subsection:

"(i) DEPOSIT OF FEES.—

"(1) OFFSETTING COLLECTIONS.—Fees collected pursuant to subsections (b), (c), and (d) for any fiscal year—

"(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

"(B) except as provided in subsection (k), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

"(2) GENERAL REVENUES PROHIBITED.—No fees collected pursuant to subsections (b), (c), and (d) for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury."

(b) ADDITIONAL REDUCTIONS OF FEES.—

(1) AMENDMENT.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is further amended by adding after subsection (i) (as added by subsection (a)(7)) the following new subsections:

"(j) RECAPTURE OF PROJECTION WINDFALLS FOR FURTHER RATE REDUCTIONS.—

"(1) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust each of the rates applicable under subsections (b) and (c) for such fiscal year to a uniform adjusted rate

that, when applied to the baseline estimate of the aggregate dollar amount of sales for such fiscal year, is reasonably likely to produce aggregate fee collections under this section (including assessments collected under subsection (d)) that are equal to the target offsetting collection amount for such fiscal year.

"(2) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust each of the rates applicable under subsections (b) and (c) for all of such fiscal years to a uniform adjusted rate that, when applied to the baseline estimate of the aggregate dollar amount of sales for fiscal year 2012, is reasonably likely to produce aggregate fee collections under this section in fiscal year 2012 (including assessments collected under subsection (d)) equal to the target offsetting collection amount for fiscal year 2011.

"(3) REVIEW AND EFFECTIVE DATE.—An adjusted rate prescribed under paragraph (1) or (2) and published under subsection (g) shall not be subject to judicial review. Subject to subsections (i)(1)(B) and (k)—

"(A) an adjusted rate prescribed under paragraph (1) shall take effect on the later of—

"(i) the first day of the fiscal year to which such rate applies; or

"(ii) 30 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

"(B) an adjusted rate prescribed under paragraph (2) shall take effect on the later of—

"(i) the first day of fiscal year 2012; or

"(ii) 30 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

"(k) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect (as offsetting collections) the fees and assessments under subsections (b), (c), and (d) at the rate in effect during the preceding fiscal year, until 30 days after the date such a regular appropriation is enacted.

"(l) DEFINITIONS.—For purposes of this section:

"(1) TARGET OFFSETTING COLLECTION AMOUNT.—The target offsetting collection amount for each of the fiscal years 2002 through 2011 is determined according to the following table:

Fiscal year:	Target offsetting collection amount
2002 .....	\$585,720,000
2003 .....	\$679,320,000
2004 .....	\$822,240,000
2005 .....	\$976,320,000
2006 .....	\$1,148,040,000
2007 .....	\$880,880,000
2008 .....	\$892,080,000
2009 .....	\$1,023,120,000
2010 .....	\$1,161,440,000
2011 .....	\$1,321,040,000

"(2) BASELINE ESTIMATE OF THE AGGREGATE DOLLAR AMOUNT OF SALES.—The baseline estimate of the aggregate dollar amount of sales for any fiscal year is the baseline estimate of the aggregate dollar amount of sales of securities (other than bonds, debentures, other evidences of indebtedness, and security futures products) to be transacted on each national securities exchange and by or through any member of each national securities association (otherwise than on a national securities exchange) during such fiscal year as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget, using the methodology required for making



projections pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.”.

(2) CONFORMING AMENDMENT.—Section 31(g) of such Act (as redesignated by subsection (a)(6) of this section) is amended by inserting before the period at the end the following: “not later than April 30 of the fiscal year preceding the fiscal year to which such rate applies, together with any estimates or projections on which such fees are based.”.

#### SEC. 4. REDUCTION OF REGISTRATION FEES.

Section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)) is amended by striking paragraphs (2) through (5) and inserting the following:

“(2) FEE PAYMENT REQUIRED.—At the time of filing a registration statement, the applicant shall pay to the Commission a fee at a rate that shall be equal to \$125 per \$1,000,000 of the maximum aggregate price at which such securities are proposed to be offered, except that during fiscal year 2003 and any succeeding fiscal year such fee shall be adjusted pursuant to paragraph (5) or (6).

“(3) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year—

“(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

“(B) except as provided in paragraph (9), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

“(4) GENERAL REVENUES PROHIBITED.—No fees collected pursuant to this subsection for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.

“(5) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust the rate required by paragraph (2) for such fiscal year to a rate that, when applied to the baseline estimate of the aggregate maximum offering prices for such fiscal year, is reasonably likely to produce aggregate fee collections under this subsection that are equal to the target offsetting collection amount for such fiscal year.

“(6) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust the rate required by paragraph (2) for all of such fiscal years to a rate that, when applied to the baseline estimate of the aggregate maximum offering prices for fiscal year 2012, is reasonably likely to produce aggregate fee collections under this subsection in fiscal year 2012 equal to the target offsetting collection amount for fiscal year 2011.

“(7) PRO RATA APPLICATION.—The rates per \$1,000,000 required by this subsection shall be applied pro rata to amounts and balances equal to less than \$1,000,000.

“(8) REVIEW AND EFFECTIVE DATE.—An adjusted rate prescribed under paragraph (5) or (6) and published under paragraph (10) shall not be subject to judicial review. Subject to paragraphs (3)(B) and (9)—

“(A) an adjusted rate prescribed under paragraph (5) shall take effect on the later of—

“(i) the first day of the fiscal year to which such rate applies; or

“(ii) 30 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

“(B) an adjusted rate prescribed under paragraph (6) shall take effect on the later of—

“(i) the first day of fiscal year 2012; or

“(ii) 30 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

“(9) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropria-

tion to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 30 days after the date such a regular appropriation is enacted.

“(10) PUBLICATION.—The Commission shall publish in the Federal Register notices of the rate applicable under this subsection and under sections 13(e) and 14(g) for each fiscal year not later than April 30 of the fiscal year preceding the fiscal year to which such rate applies, together with any estimates or projections on which such rate is based.

“(11) DEFINITIONS.—For purposes of this subsection:

“(A) TARGET OFFSETTING COLLECTION AMOUNT.—The target offsetting collection amount for each of the fiscal years 2002 through 2011 is determined according to the following table:

Fiscal year:	Target offsetting collection amount
2002 .....	\$512,500,000
2003 .....	\$589,380,000
2004 .....	\$650,385,000
2005 .....	\$790,075,000
2006 .....	\$949,050,000
2007 .....	\$214,200,000
2008 .....	\$233,700,000
2009 .....	\$284,115,000
2010 .....	\$333,840,000
2011 .....	\$394,110,000

“(B) BASELINE ESTIMATE OF THE AGGREGATE MAXIMUM OFFERING PRICES.—The baseline estimate of the aggregate maximum offering prices for any fiscal year is the baseline estimate of the aggregate maximum offering price at which securities are proposed to be offered pursuant to registration statements filed with the Commission during such fiscal year as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget, using the methodology required for projections pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.”.

#### SEC. 5. FEES FOR STOCK REPURCHASE STATEMENTS.

Section 13(e) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(e)) is amended

(1) in paragraph (3), by striking “a fee of 1/100 of 1 per centum of the value of securities proposed to be purchased” and inserting “a fee at a rate that, subject to paragraphs (5) and (6), is equal to \$125 per \$1,000,000 of the value of securities proposed to be purchased”;

(2) by inserting after paragraph (3) the following new paragraphs:

“(4) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission, and, except as provided in paragraph (9), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts. No fees collected pursuant to this subsection for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.

“(5) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust the rate required by paragraph (3) for such fiscal year to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for such fiscal year.

“(6) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust the rate required by paragraph (3) for all of such fiscal years to a rate that is equal to the rate (expressed in dollars per million)

that is applicable under section 6(b) of the Securities Act of 1933 for all of such fiscal years.

“(7) PRO RATA APPLICATION.—The rates per \$1,000,000 required by this subsection shall be applied pro rata to amounts and balances equal to less than \$1,000,000.

“(8) REVIEW AND EFFECTIVE DATE.—An adjusted rate prescribed under paragraph (5) or (6) and published under paragraph (10) shall not be subject to judicial review. Subject to paragraphs (4) and (9)—

“(A) an adjusted rate prescribed under paragraph (5) shall take effect on the later of—

“(i) the first day of the fiscal year to which such rate applies; or

“(ii) 30 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

“(B) an adjusted rate prescribed under paragraph (6) shall take effect on the later of—

“(i) the first day of fiscal year 2012; or

“(ii) 30 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

“(9) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 30 days after the date such a regular appropriation is enacted.

“(10) PUBLICATION.—The rate applicable under this subsection for each fiscal year is published pursuant to section 6(b)(10) of the Securities Act of 1933.”.

#### SEC. 6. FEES FOR PROXY SOLICITATIONS AND STATEMENTS IN CORPORATE CONTROL TRANSACTIONS.

Section 14(g) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(e)(3)) is amended—

(1) in paragraphs (1) and (3), by striking “a fee of 1/100 of 1 per centum of” each place it appears and inserting “a fee at a rate that, subject to paragraphs (5) and (6), is equal to \$125 per \$1,000,000 of”;

(2) by redesignating paragraph (4) as paragraph (11); and

(3) by inserting after paragraph (3) the following new paragraphs:

“(4) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission, and, except as provided in paragraph (9), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts. No fees collected pursuant to this subsection for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.

“(5) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust each of the rates required by paragraphs (1) and (3) for such fiscal year to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for such fiscal year.

“(6) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust each of the rates required by paragraphs (1) and (3) for all of such fiscal years to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for all of such fiscal years.

“(7) PRO RATA APPLICATION.—The rates per \$1,000,000 required by this subsection shall be applied pro rata to amounts and balances equal to less than \$1,000,000.



“(8) REVIEW AND EFFECTIVE DATE.—An adjusted rate prescribed under paragraph (5) or (6) and published under paragraph (10) shall not be subject to judicial review. Subject to paragraphs (4) and (9)—

“(A) an adjusted rate prescribed under paragraph (5) shall take effect on the later of—

“(i) the first day of the fiscal year to which such rate applies; or

“(ii) 30 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

“(B) an adjusted rate prescribed under paragraph (6) shall take effect on the later of—

“(i) the first day of fiscal year 2012; or

“(ii) 30 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

“(9) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 30 days after the date such a regular appropriation is enacted.

“(10) PUBLICATION.—The rate applicable under this subsection for each fiscal year is published pursuant to section 6(b)(10) of the Securities Act of 1933.”

#### SEC. 7. TRUST INDENTURE ACT FEE.

Section 307(b) of the Trust Indenture Act of 1939 (15 U.S.C. 77ggg(b)) is amended by striking “Commission, but, in the case” and all that follows and inserting “Commission.”

#### SEC. 8. PAY PARITY PROVISIONS.

(a) SECURITIES AND EXCHANGE COMMISSION EMPLOYEES.—Section 4(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(b)) is amended—

(1) by striking paragraphs (1) and (2) and by inserting the following:

“(1) APPOINTMENT, COMPENSATION, AND BENEFITS.—

“(A) IN GENERAL.—The Commission may appoint and fix the compensation of such officers, attorneys, economists, examiners, and other employees as may be necessary for carrying out its functions under this Act.

“(B) RATES OF PAY.—Rates of basic pay for all employees of the Commission may be set and adjusted by the Commission without regard to the provisions of chapter 51 or subchapter III of chapter 53 of title 5, United States Code.

“(C) ADDITIONAL COMPENSATION AND BENEFITS.—The Commission may provide additional compensation and benefits to employees of the Commission if the same type of compensation or benefits are then being provided by any agency referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 or, if not then being provided, could be provided by such an agency under applicable provisions of law, rule, or regulation.

“(2) INFORMATION; COMPARABILITY.—In establishing and adjusting schedules of compensation and additional benefits for employees of the Commission, which are to be determined solely by the Commission under this subsection, the Commission—

“(A) shall consult with and inform the heads of the agencies referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989;

“(B) shall inform the Congress of such compensation and benefits; and

“(C) shall seek to maintain comparability with such agencies regarding compensation and benefits.”

(b) TECHNICAL AMENDMENTS.—

(1) Section 3132(a)(1) of title 5, United States Code, is amended—

(A) in subparagraph (C), by striking “or” after the semicolon;

(B) in subparagraph (D), by inserting “or” after the semicolon; and

(C) by adding at the end of the following:

“(E) the Securities and Exchange Commission.”

(2) Section 5373(a) of title 5, United States Code, is amended—

(A) in paragraph (2), by striking “or” after the semicolon;

(B) in paragraph (3), by striking the period and inserting “; or”; and

(C) by adding at the end of the following:

“(4) section 4(b) of the Securities Exchange Act of 1934.”

#### SEC. 9. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this Act shall take effect on October 1, 2001.

(b) PAY PARITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by section 8 shall take effect on the date of enactment of this Act.

(2) EXCEPTION.—The amendments made by section 8(b)(1) shall take effect as of such date as the Securities and Exchange Commission shall (by order published in the Federal Register) prescribe, but in no event later than 1 year after the date of enactment of this Act.

The SPEAKER pro tempore. In lieu of the amendment recommended by the Committee on Financial Services printed in the bill, the amendment in the nature of a substitute printed in the CONGRESSIONAL RECORD and numbered 1 is adopted.

The text of H.R. 1088, as amended, is as follows:

#### SECTION 1. SHORT TITLE.

This Act may be cited as the “Investor and Capital Markets Fee Relief Act”.

#### SEC. 2. IMMEDIATE TRANSACTION FEE REDUCTIONS.

Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is amended—

(1) by striking “ $\frac{1}{1000}$  of one percent” each place it appears in subsections (b) and (d) and inserting “\$15 per \$1,000,000”; and

(2) by striking “and security futures products” each place it appears in such subsections and inserting “security futures products, and options on securities indexes (excluding a narrow-based security index)”;

(3) in the first sentence of subsection (b), by striking “, except that” and all that follows through the end of such sentence and inserting a period;

(4) in paragraph (1) of subsection (d), by striking “, except that” and all that follows through the end of such paragraph and inserting a period;

(5) in subsection (e), by striking “\$0.02” and inserting “\$0.009”; and

(6) by adding at the end the following new subsection:

“(i) PRO RATA APPLICATION.—The rates per \$1,000,000 required by this section shall be applied pro rata to amounts and balances of less than \$1,000,000.”

#### SEC. 3. REVISION OF SECURITIES TRANSACTION FEE PROVISIONS; ADDITIONAL FEE REDUCTIONS.

(a) POOLING AND ALLOCATION OF COLLECTIONS.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is further amended—

(1) in subsection (b)—

(A) by striking “Every” and inserting “Subject to subsection (j), each”; and

(B) by striking the last sentence;

(2) by striking subsection (c);

(3) in subsection (d)—

(A) by striking paragraphs (2) and (3);

(B) by striking the following:

“(d) OFF-EXCHANGE TRADES OF LAST-SALE-REPORTED SECURITIES.—

“(1) COVERED TRANSACTIONS.—Each national securities”

and inserting the following:

“(c) OFF-EXCHANGE TRADES OF EXCHANGE REGISTERED AND LAST-SALE-REPORTED SECURITIES.—Subject to subsection (j), each national securities”;

(C) by inserting “registered on a national securities exchange or” after “narrow-based security index)” (as added by section 2(2)); and

(D) by striking “, excluding any sales for which a fee is paid under subsection (c)”;

(4) in subsection (e), by striking “except that for fiscal year 2007” and all that follows through the end of such subsection and inserting the following: “except that for fiscal year 2007 and each succeeding fiscal year such assessment shall be equal to \$0.0042 for each such transaction.”;

(5) in subsection (f), by striking “DATES FOR PAYMENT OF FEES.—The fees required” and inserting “DATES FOR PAYMENTS.—The fees and assessments required”;

(6) by redesignating subsections (e) through (i) (as added by section 2(5)) as subsections (d) through (h), respectively;

(7) by adding at the end the following new subsection:

“(i) DEPOSIT OF FEES.—

“(1) OFFSETTING COLLECTIONS.—Fees collected pursuant to subsections (b), (c), and (d) for any fiscal year—

“(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

“(B) except as provided in subsection (k), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

“(2) GENERAL REVENUES PROHIBITED.—No fees collected pursuant to subsections (b), (c), and (d) for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.”

(b) ADDITIONAL REDUCTIONS OF FEES.—

(1) AMENDMENT.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is further amended by adding after subsection (i) (as added by subsection (a)(7)) the following new subsections:

“(j) RECAPTURE OF PROJECTION WINDFALLS FOR FURTHER RATE REDUCTIONS.—

“(1) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust each of the rates applicable under subsections (b) and (c) for such fiscal year to a uniform adjusted rate that, when applied to the baseline estimate of the aggregate dollar amount of sales for such fiscal year, is reasonably likely to produce aggregate fee collections under this section (including assessments collected under subsection (d)) that are equal to the target offsetting collection amount for such fiscal year.

“(2) MID-YEAR ADJUSTMENT.—For each of the fiscal years 2002 through 2011, the Commission shall determine, by March 1 of such fiscal year, whether, based on the actual aggregate dollar volume of sales during the first 5 months of such fiscal year, the baseline estimate of the aggregate dollar volume of sales used under paragraph (1) for such fiscal year (or \$48,800,000,000 in the case of fiscal year 2002) is reasonably likely to be 10 percent (or more) greater or less than the actual aggregate dollar volume of sales for such fiscal year. If the Commission so determines, the Commission shall by order, no later than such March 1, adjust each of the rates applicable under subsections (b) and (c) for such fiscal year to a uniform adjusted

rate that, when applied to the revised estimate of the aggregate dollar amount of sales for the remainder of such fiscal year, is reasonably likely to produce aggregate fee collections under this section (including fees collected during such 5-month period and assessments collected under subsection (d)) that are equal to the target offsetting collection amount for such fiscal year. In making such revised estimate, the Commission shall, after consultation with the Congressional Budget Office and the Office of Management and Budget, use the same methodology required by subsection (1)(2).

“(3) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust each of the rates applicable under subsections (b) and (c) for all of such fiscal years to a uniform adjusted rate that, when applied to the baseline estimate of the aggregate dollar amount of sales for fiscal year 2012, is reasonably likely to produce aggregate fee collections under this section in fiscal year 2012 (including assessments collected under subsection (d)) equal to the target offsetting collection amount for fiscal year 2011.

“(4) REVIEW AND EFFECTIVE DATE.—In exercising its authority under this subsection, the Commission shall not be required to comply with the provisions of section 553 of title 5, United States Code. An adjusted rate prescribed under paragraph (1), (2), or (3) and published under subsection (g) shall not be subject to judicial review. Subject to subsections (i)(1)(B) and (k)—

“(A) an adjusted rate prescribed under paragraph (1) shall take effect on the later of—

“(i) the first day of the fiscal year to which such rate applies; or

“(ii) 30 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted;

“(B) an adjusted rate prescribed under paragraph (2) shall take effect on April 1 of the fiscal year to which such rate applies; and

“(C) an adjusted rate prescribed under paragraph (3) shall take effect on the later of—

“(i) the first day of fiscal year 2012; or

“(ii) 30 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

“(k) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect (as offsetting collections) the fees and assessments under subsections (b), (c), and (d) at the rate in effect during the preceding fiscal year, until 30 days after the date such a regular appropriation is enacted.

“(l) DEFINITIONS.—For purposes of this section:

“(1) TARGET OFFSETTING COLLECTION AMOUNT.—The target offsetting collection amount for each of the fiscal years 2002 through 2011 is determined according to the following table:

Fiscal year:	Target offsetting collection amount
2002 .....	\$732,000,000
2003 .....	\$849,000,000
2004 .....	\$1,028,000,000
2005 .....	\$1,220,000,000
2006 .....	\$1,435,000,000
2007 .....	\$881,000,000
2008 .....	\$892,000,000
2009 .....	\$1,023,000,000
2010 .....	\$1,161,000,000
2011 .....	\$1,321,000,000

“(2) BASELINE ESTIMATE OF THE AGGREGATE DOLLAR AMOUNT OF SALES.—The baseline estimate of the aggregate dollar amount of sales

for any fiscal year is the baseline estimate of the aggregate dollar amount of sales of securities (other than bonds, debentures, other evidences of indebtedness, security futures products, and options on securities indexes (excluding a narrow-based security index)) to be transacted on each national securities exchange and by or through any member of each national securities association (otherwise than on a national securities exchange) during such fiscal year as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget, using the methodology required for making projections pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.”

(2) CONFORMING AMENDMENT.—Section 31(g) of such Act (as redesignated by subsection (a)(6) of this section) is amended by inserting before the period at the end the following: “not later than April 30 of the fiscal year preceding the fiscal year to which such rate applies, together with any estimates or projections on which such fees are based”.

#### SEC. 4. REDUCTION OF REGISTRATION FEES.

Section 6(b) of the Securities Act of 1933 (15 U.S.C. 77f(b)) is amended by striking paragraphs (2) through (5) and inserting the following:

“(2) FEE PAYMENT REQUIRED.—At the time of filing a registration statement, the applicant shall pay to the Commission a fee at a rate that shall be equal to \$92 per \$1,000,000 of the maximum aggregate price at which such securities are proposed to be offered, except that during fiscal year 2003 and any succeeding fiscal year such fee shall be adjusted pursuant to paragraph (5) or (6).

“(3) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year—

“(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission; and

“(B) except as provided in paragraph (9), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

“(4) GENERAL REVENUES PROHIBITED.—No fees collected pursuant to this subsection for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.

“(5) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust the rate required by paragraph (2) for such fiscal year to a rate that, when applied to the baseline estimate of the aggregate maximum offering prices for such fiscal year, is reasonably likely to produce aggregate fee collections under this subsection that are equal to the target offsetting collection amount for such fiscal year.

“(6) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust the rate required by paragraph (2) for all of such fiscal years to a rate that, when applied to the baseline estimate of the aggregate maximum offering prices for fiscal year 2012, is reasonably likely to produce aggregate fee collections under this subsection in fiscal year 2012 equal to the target offsetting collection amount for fiscal year 2011.

“(7) PRO RATA APPLICATION.—The rates per \$1,000,000 required by this subsection shall be applied pro rata to amounts and balances of less than \$1,000,000.

“(8) REVIEW AND EFFECTIVE DATE.—In exercising its authority under this subsection, the Commission shall not be required to comply with the provisions of section 553 of title 5, United States Code. An adjusted rate prescribed under paragraph (5) or (6) and published under paragraph (10) shall not be sub-

ject to judicial review. Subject to paragraphs (3)(B) and (9)—

“(A) an adjusted rate prescribed under paragraph (5) shall take effect on the later of—

“(i) the first day of the fiscal year to which such rate applies; or

“(ii) 5 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

“(B) an adjusted rate prescribed under paragraph (6) shall take effect on the later of—

“(i) the first day of fiscal year 2012; or

“(ii) 5 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

“(9) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 5 days after the date such a regular appropriation is enacted.

“(10) PUBLICATION.—The Commission shall publish in the Federal Register notices of the rate applicable under this subsection and under sections 13(e) and 14(g) for each fiscal year not later than April 30 of the fiscal year preceding the fiscal year to which such rate applies, together with any estimates or projections on which such rate is based.

“(11) DEFINITIONS.—For purposes of this subsection:

“(A) TARGET OFFSETTING COLLECTION AMOUNT.—The target offsetting collection amount for each of the fiscal years 2002 through 2011 is determined according to the following table:

Fiscal year:	Target offsetting collection amount
2002 .....	\$337,000,000
2003 .....	\$435,000,000
2004 .....	\$467,000,000
2005 .....	\$570,000,000
2006 .....	\$689,000,000
2007 .....	\$214,000,000
2008 .....	\$234,000,000
2009 .....	\$284,000,000
2010 .....	\$334,000,000
2011 .....	\$394,000,000

“(B) BASELINE ESTIMATE OF THE AGGREGATE MAXIMUM OFFERING PRICES.—The baseline estimate of the aggregate maximum offering prices for any fiscal year is the baseline estimate of the aggregate maximum offering price at which securities are proposed to be offered pursuant to registration statements filed with the Commission during such fiscal year as determined by the Commission, after consultation with the Congressional Budget Office and the Office of Management and Budget, using the methodology required for projections pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.”

#### SEC. 5. FEES FOR STOCK REPURCHASE STATEMENTS.

Section 13(e) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(e)) is amended

(1) in paragraph (3), by striking “a fee of  $\frac{1}{50}$  of 1 per centum of the value of securities proposed to be purchased” and inserting “a fee at a rate that, subject to paragraphs (5) and (6), is equal to \$92 per \$1,000,000 of the value of securities proposed to be purchased”;

(2) by inserting after paragraph (3) the following new paragraphs:

“(4) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission, and, except as provided in paragraph (9),

shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts. No fees collected pursuant to this subsection for fiscal year 2002 or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.

“(5) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust the rate required by paragraph (3) for such fiscal year to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for such fiscal year.

“(6) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust the rate required by paragraph (3) for all of such fiscal years to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for all of such fiscal years.

“(7) PRO RATA APPLICATION.—The rates per \$1,000,000 required by this subsection shall be applied pro rata to amounts and balances of less than \$1,000,000.

“(8) REVIEW AND EFFECTIVE DATE.—In exercising its authority under this subsection, the Commission shall not be required to comply with the provisions of section 553 of title 5, United States Code. An adjusted rate prescribed under paragraph (5) or (6) and published under paragraph (10) shall not be subject to judicial review. Subject to paragraphs (4) and (9)—

“(A) an adjusted rate prescribed under paragraph (5) shall take effect on the later of—

“(i) the first day of the fiscal year to which such rate applies; or

“(ii) 5 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

“(B) an adjusted rate prescribed under paragraph (6) shall take effect on the later of—

“(i) the first day of fiscal year 2012; or

“(ii) 5 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

“(9) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 5 days after the date such a regular appropriation is enacted.

“(10) PUBLICATION.—The rate applicable under this subsection for each fiscal year is published pursuant to section 6(b)(10) of the Securities Act of 1933.”

#### SEC. 6. FEES FOR PROXY SOLICITATIONS AND STATEMENTS IN CORPORATE CONTROL TRANSACTIONS.

Section 14(g) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(e)(3)) is amended—

(1) in paragraphs (1) and (3), by striking “a fee of 1/100 of 1 per centum of” each place it appears and inserting “a fee at a rate that, subject to paragraphs (5) and (6), is equal to \$92 per \$1,000,000 of”;

(2) by redesignating paragraph (4) as paragraph (11); and

(3) by inserting after paragraph (3) the following new paragraphs:

“(4) OFFSETTING COLLECTIONS.—Fees collected pursuant to this subsection for any fiscal year shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission, and, except as provided in paragraph (9), shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts. No fees collected pursuant to this subsection for fiscal year 2002 or any

succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.

“(5) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust each of the rates required by paragraphs (1) and (3) for such fiscal year to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for such fiscal year.

“(6) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust each of the rates required by paragraphs (1) and (3) for all of such fiscal years to a rate that is equal to the rate (expressed in dollars per million) that is applicable under section 6(b) of the Securities Act of 1933 for all of such fiscal years.

“(7) PRO RATA APPLICATION.—The rates per \$1,000,000 required by this subsection shall be applied pro rata to amounts and balances of less than \$1,000,000.

“(8) REVIEW AND EFFECTIVE DATE.—In exercising its authority under this subsection, the Commission shall not be required to comply with the provisions of section 553 of title 5, United States Code. An adjusted rate prescribed under paragraph (5) or (6) and published under paragraph (10) shall not be subject to judicial review. Subject to paragraphs (4) and (9)—

“(A) an adjusted rate prescribed under paragraph (5) shall take effect on the later of—

“(i) the first day of the fiscal year to which such rate applies; or

“(ii) 5 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted; and

“(B) an adjusted rate prescribed under paragraph (6) shall take effect on the later of—

“(i) the first day of fiscal year 2012; or

“(ii) 5 days after the date on which a regular appropriation to the Commission for fiscal year 2012 is enacted.

“(9) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under this subsection at the rate in effect during the preceding fiscal year, until 5 days after the date such a regular appropriation is enacted.

“(10) PUBLICATION.—The rate applicable under this subsection for each fiscal year is published pursuant to section 6(b)(10) of the Securities Act of 1933.”

#### SEC. 7. TRUST INDENTURE ACT FEE.

Section 307(b) of the Trust Indenture Act of 1939 (15 U.S.C. 77ggg(b)) is amended by striking “Commission, but, in the case” and all that follows and inserting “Commission.”

#### SEC. 8. COMPARABILITY PROVISIONS.

(a) COMMISSION DEMONSTRATION PROJECT.—Subpart C of part III of title 5, United States Code, is amended by adding at the end the following:

##### “CHAPTER 48—AGENCY PERSONNEL DEMONSTRATION PROJECT

“Sec.

“4801. Nonapplicability of chapter 47.

“4802. Securities and Exchange Commission.

##### “§ 4801. Nonapplicability of chapter 47

“Chapter 47 shall not apply to this chapter.

##### “§ 4802. Securities and Exchange Commission

“(a) In this section, the term ‘Commission’ means the Securities and Exchange Commission.

“(b) The Commission may appoint and fix the compensation of such officers, attorneys, economists, examiners, and other employees as may be necessary for carrying out its functions under the securities laws as de-

fined under section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

“(c) Rates of basic pay for all employees of the Commission may be set and adjusted by the Commission without regard to the provisions of chapter 51 or subchapter III of chapter 53.

“(d) The Commission may provide additional compensation and benefits to employees of the Commission if the same type of compensation or benefits are then being provided by any agency referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b) or, if not then being provided, could be provided by such an agency under applicable provisions of law, rule, or regulation. In setting and adjusting the total amount of compensation and benefits for employees, the Commission shall consult with, and seek to maintain comparability with, the agencies referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b).

“(e) The Commission shall consult with the Office of Personnel Management in the implementation of this section.

“(f) This section shall be administered consistent with merit system principles.”

(b) EMPLOYEES REPRESENTED BY LABOR ORGANIZATIONS.—To the extent that any employee of the Securities and Exchange Commission is represented by a labor organization with exclusive recognition in accordance with chapter 71 of title 5, United States Code, no reduction in base pay of such employee shall be made by reason of enactment of this section (including the amendments made by this section).

(c) IMPLEMENTATION PLAN AND REPORT.—

(1) IMPLEMENTATION PLAN.—

(A) IN GENERAL.—The Securities and Exchange Commission shall develop a plan to implement section 4802 of title 5, United States Code, as added by this section.

(B) INCLUSION IN ANNUAL PERFORMANCE PLAN AND REPORT.—The Securities and Exchange Commission shall include—

(i) the plan developed under this paragraph in the annual program performance plan submitted under section 1115 of title 31, United States Code; and

(ii) the effects of implementing the plan developed under this paragraph in the annual program performance report submitted under section 1116 of title 31, United States Code.

(2) IMPLEMENTATION REPORT.—

(A) IN GENERAL.—Before implementing the plan developed under paragraph (1), the Securities and Exchange Commission shall submit a report to the Committee on Governmental Affairs and the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Government Reform and the Committee on Financial Services of the House of Representatives, and the Office of Personnel Management on the details of the plan.

(B) CONTENT.—The report under this paragraph shall include—

(i) evidence and supporting documentation justifying the plan; and

(ii) budgeting projections on costs and benefits resulting from the plan.

(d) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) AMENDMENTS TO TITLE 5, UNITED STATES CODE.—

(A) The table of chapters for part III of title 5, United States Code, is amended by adding at the end of subpart C the following:

“48. Agency Personnel Demonstration Project ..... 4801.”

(B) Section 3132(a)(1) of title 5, United States Code, is amended—

(i) in subparagraph (C), by striking “or” after the semicolon;

(ii) in subparagraph (D), by inserting "or" after the semicolon; and

(iii) by adding at the end the following:

"(E) the Securities and Exchange Commission;"

(C) Section 5373(a) of title 5, United States Code, is amended—

(i) in paragraph (2), by striking "or" after the semicolon;

(ii) in paragraph (3), by striking the period and inserting "; or"; and

(iii) by adding at the end the following:

"(4) section 4802."

(2) AMENDMENT TO SECURITIES EXCHANGE ACT OF 1934.—Section 4(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(b)) is amended by striking paragraphs (1) and (2) and inserting the following:

"(1) APPOINTMENT AND COMPENSATION.—The Commission shall appoint and compensate officers, attorneys, economists, examiners, and other employees in accordance with section 4802 of title 5, United States Code.

"(2) REPORTING OF INFORMATION.—In establishing and adjusting schedules of compensation and benefits for officers, attorneys, economists, examiners, and other employees of the Commission under applicable provisions of law, the Commission shall inform the heads of the agencies referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b) and Congress of such compensation and benefits and shall seek to maintain comparability with such agencies regarding compensation and benefits."

(3) AMENDMENT TO FIRREA OF 1989.—Section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b) is amended by striking "the Thrift Depositor Protection Oversight Board of the Resolution Trust Corporation".

#### SEC. 9. STUDY OF THE EFFECT OF FEE REDUCTIONS.

(a) STUDY.—The Office of Economic Analysis of the Securities and Exchange Commission (hereinafter referred to as the "Office") shall conduct a study of the extent to which the benefits of reductions in fees effected as a result of this Act are passed on to investors.

(b) FACTORS FOR CONSIDERATION.—In conducting the study under subsection (a), the Office shall—

(1) consider the various elements of the securities industry directly and indirectly benefitting from the fee reductions, including purchasers and sellers of securities, members of national securities exchanges, issuers, broker-dealers, underwriters, participants in investment companies, retirement programs, and others;

(2) consider the impact on different types of investors, such as individual equity holders, individual investment company shareholders, businesses, and other types of investors;

(3) include in the interpretation of the term "investor" shareholders of entities subject to the fee reductions; and

(4) consider the economic benefits to investors flowing from the fee reductions to include such factors as market efficiency, expansion of investment opportunities, and enhanced liquidity and capital formation.

(c) REPORT TO CONGRESS.—Not later than 2 years after the date of enactment of this Act, the Securities and Exchange Commission shall submit to the Congress the report prepared by the Office on the findings of the study conducted under subsection (a).

#### SEC. 10. STUDY OF CONVERSION TO SELF-FUNDING.

(a) GAO STUDY REQUIRED.—The Comptroller General shall conduct a study of the impact, implications, and consequences of converting the Securities and Exchange

Commission to a self-funded basis. Such study shall include analysis of the following issues:

(1) SEC OPERATIONS.—The impact of such conversion on the Commission's operations, including staff quality, recruitment, and retention.

(2) CONGRESSIONAL OVERSIGHT.—The implications for congressional oversight of the Commission, including whether imposing annual expenditure limitations would be beneficial to such oversight.

(3) FEES.—The likely consequences of the conversion on the rates, collection procedures, and predictability of fees collected by the Commission.

(4) APPROPRIATIONS.—The methods by which the conversion may be accomplished without reducing the availability of offsetting collections for appropriations.

(5) OTHER MATTERS.—Such other impacts, implications, and consequences as the Comptroller General may consider relevant to congressional consideration of the question of such conversion.

(b) SUBMISSION OF REPORT.—The Comptroller General shall submit to the Committees on Financial Services and Government Reform of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Governmental Affairs of the Senate a report on the study required by subsection (a) no later than 180 after the date of enactment of this Act.

(c) DEFINITION.—For the purposes of this section, the term "self-funded basis" means that—

(1) an agency is authorized to deposit the receipts of its collections in the Treasury of the United States, or in a depository institution, but such deposits are not treated as Government funds or appropriated monies, and are available for the salaries and other expenses of the Commission and its employees without annual appropriation or apportionment; and

(2) the agency is authorized to employ and fix the salaries and other compensation of its officers and employees, and such salaries and other compensation are paid without regard to the provisions of other laws applicable to officers and employees of the United States.

#### SEC. 11. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsections (b) and (c), the amendments made by this Act shall take effect on October 1, 2001.

(b) IMMEDIATE TRANSACTION FEE REDUCTIONS.—The amendments made by section 2 shall take effect on the later of—

(1) the first day of fiscal year 2002; or

(2) 30 days after the date on which a regular appropriation to the Commission for such fiscal year is enacted.

(c) ADDITIONAL EXCEPTIONS.—The authorities provided by section 6(b)(9) of the Securities Act of 1933 and sections 13(e)(9), 14(g)(9) and 31(k) of the Securities Exchange Act of 1934, as so designated by this Act, shall not apply until October 1, 2002.

The SPEAKER pro tempore. After 60 minutes of debate on the bill, as amended, it shall be in order to consider the further amendment printed in the CONGRESSIONAL RECORD and numbered 2 if offered by the gentleman from New York (Mr. LAFALCE) or his designee, shall be considered read and shall be debatable for 1 hour, equally divided and controlled by the proponent and the opponent.

The gentleman from Ohio (Mr. OXLEY) and the gentleman from New York (Mr. LAFALCE) each will control 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. OXLEY).

□ 1115

GENERAL LEAVE

Mr. OXLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1088.

The SPEAKER pro tempore (Mr. QUINN). Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. OXLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana (Mr. BURTON) and ask unanimous consent that he be permitted to control that time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. OXLEY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I am pleased today to bring to the floor H.R. 1088, the Investor and Capital Markets Fee Relief Act. This legislation returns excessive Securities and Exchange Commission fees, \$14 billion over the next 10 years, to America's investors and those seeking access to our markets.

Introduced by my good friend, the gentleman from New York (Mr. FOSSELLA), an important Member of the Committee on Financial Services, H.R. 1088 reduces or eliminates all of the securities fees in a responsible way by holding the appropriators harmless and ensuring that the SEC has a long-term stable funding source for its important mission of protecting investors and promoting capital formation.

Contrary to the explicit intent of the Congress, the government now collects fee revenues that far exceed the operating costs of the SEC. In fiscal year 2000, actual SEC fee collections reached a staggering \$2.27 billion, over six times the SEC's \$377 million budget; and it is estimated that fee collections this fiscal year will be substantially higher.

In my home State of Ohio, the Public Employees Pension Fund will pay several million dollars in the next decade if this legislation is not enacted, and that goes for all of the public employees return systems throughout the country.

Each day this year investors across the country are paying more than \$3 million in excess transaction fees alone. The excess revenues are being used to fund other Federal programs, entirely unrelated to regulation of the securities markets. The fees are unmistakably a tax on investors and capital formation. They are no longer about government need, but about government greed.

The legislation also includes a provision granting SEC employees pay parity with the banking regulators. The commission faces a staffing crisis. In the last 3 years, over one-third of the SEC's staff have left the agency. In the

increasingly consolidated financial services industry, SEC staff perform the same functions and work side by side with their counterparts at the Federal Banking Agency, yet inexplicably earn anywhere from 25 to 45 percent less.

In an environment where the investors and markets need effective regulation more than ever, it is important to address the morale problem and its effects on retention of SEC staff. The securities industry strongly supports pay parity, because it will, by helping the commission attract and retain first-rate staff, improve the regulation efficiency of our capital markets.

We intend the pay parity provisions to be executed in a responsible fashion, enabling the SEC to provide the same benefits to its employees as those provided to the Federal banking regulators, but not more.

I am pleased that so many Members on the other side of the aisle have helped in this effort. I particularly appreciate all of the efforts of the gentleman from New York (Mrs. MALONEY), the gentleman from New York (Mr. CROWLEY), and the gentleman from New Jersey (Mr. MENENDEZ) for their hard work and efforts on our behalf.

This bipartisan legislation enjoys widespread support from the investing public, the Securities and Exchange Commission, major pension funds, the Profit-Sharing/401(k) Council of America, and the securities industry.

H.R. 1088 is pro-investor, good government legislation. I urge all of my colleagues to vote against the Democratic substitute and to support final passage.

Mr. Speaker, I include for the RECORD two exchanges of letters between myself and Chairman THOMAS and Chairman COMBEST regarding their respective committee's jurisdiction. I also want to thank both of them for their cooperation in bringing this important legislation to the floor.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
Washington, DC, April 2, 2001.

Hon. MICHAEL G. OXLEY,  
Chairman, Committee on Financial Services,  
Rayburn House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: On March 28, 2001, the Committee on Financial Services ordered reported H.R. 1088, the Investor and Capital Markets Fee Relief Act. As you are aware, section 2 of the bill affects the Agriculture Committee's jurisdiction with regard to transaction fees on security futures products.

Because of your willingness to consult with the Committee on Agriculture regarding this matter and the need to move this legislation expeditiously, I will waive consideration of the bill by the Agriculture Committee. By agreeing to waive its consideration of the bill, the Agriculture Committee does not waive its jurisdiction over H.R. 1088. In addition, the Committee on Agriculture reserves its authority to seek conferees on any provisions of the bill that are within our jurisdiction during any House-Senate conference that may be convened on this legislation. I ask your commitment to support any request by our Committee for conferees on H.R. 1088 or related legislation.

I request that you include this letter and your response as part of your committee's report on the bill and the Congressional Record during consideration of the legislation on the House floor.

Thank you for your cooperation in this matter.

Sincerely,

LARRY COMBEST,  
Chairman.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON FINANCIAL SERVICES,  
Washington, DC, April 2, 2001.

Hon. LARRY COMBEST,  
Committee on Agriculture, Longworth House Office Building, Washington, DC.

DEAR CHAIRMAN COMBEST: Thank you for your letter regarding your Committee's jurisdictional interest in H.R. 1088, the Investor and Capital Markets Fee Relief Act.

I acknowledge your committee's jurisdictional interest in the changes to the fee structure for security futures products contained in this legislation and appreciate your cooperation in moving the bill to the House floor expeditiously. I agree that your decision to forego further action on the bill will not prejudice the Committee on Agriculture with respect to its jurisdictional prerogatives on this or similar legislation. I will include a copy of your letter and this response in the Committee's report on the bill and the Congressional Record when the legislation is considered by the House.

Thank you again for your cooperation.

Sincerely,

MICHAEL G. OXLEY,  
Chairman.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON WAYS AND MEANS,  
Washington, DC, April 2, 2001.

Hon. MICHAEL G. OXLEY,  
Chairman, Committee on Financial Services,  
Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN OXLEY: I am writing to express my support for what you are trying to accomplish in H.R. 1088, the Investor and Capital Markets Fee Relief Act. The Committee on Ways and Means has long taken a jurisdictional interest in the fees collected by the Securities and Exchange Commission. In our view, these "fees" are taxes because they greatly exceed the SEC's regulatory costs. In the past, we worked with the Committees on Commerce and Appropriations to attempt to rectify this problem.

As you know, I am strongly committed to protecting the jurisdictional interest of the Committee on Ways and Means and to ensuring that all revenue measures are properly referred to this Committee. To this end, the Committee on Ways and Means relies upon the statement issued by the Speaker in January 1991 (and reiterated by Speaker Hastert on January 3, 2001) regarding the jurisdiction of the House Committees with respect to fees and revenue measures. Pursuant to that statement, the Committee on Ways and Means generally will not assert jurisdiction over "true" regulatory fees that meet the following requirements:

(i) The fees are assessed and collected solely to cover the costs of specified regulatory activities (not including public information activities and other activities benefitting the public in general);

(ii) The fees are assessed and collected only in such manner as may reasonably be expected to result in an aggregate amount collected during any fiscal year which does not exceed the aggregate amount of the regulatory costs referred to in (i) above;

(iii) The only person subject to the fees are those who directly avail themselves of, or are directly subject to, the regulatory activities referred to in (i) above; and

(iv) The amounts of the fees (a) are structured such that any person's liability for such fees is reasonable based on the proportion of the regulatory activities which relate to such person, and (b) are nondiscriminatory between foreign and domestic entities.

Additionally, pursuant to the Speaker's statement, the mere reauthorization of a preexisting fee that had not historically been considered a tax would not necessarily require a sequential referral to the Committee on Ways and Means. However, if such a preexisting fee were fundamentally changed, it properly should be referred to the Committee on Ways and Means.

We last addressed SEC fees in the National Securities Markets Improvement Act of 1996. That legislation was intended to reform the SEC fee structure and bring the total amount of fees down to the level of the SEC's budget. In a letter from then Chairman Archer to the Chairman of the Commerce Committee, Congressman Bliley (whose committee had jurisdiction over the SEC at the time), Chairman Archer noted the Committee on Ways and Means' longstanding goal of reducing these "fees" so that they truly are fees rather than taxes. Chairman Archer also reserved jurisdictional interest in the fee structure, and stated that the Committee would strongly oppose any attempts to delay or lengthen the fee phase-down schedule provided by the 1996 Act.

Since the enactment of the 1996 Act, it has become increasingly clear that actual fee collections greatly exceed what was estimated in 1996. In fact, I understand that these fees are projected to generate over \$2.5 billion in revenue in fiscal year 2001, more than six times the SEC budget. H.R. 1088 seeks to address this issue by reducing these fees down to the level of the SEC's budget, which was also the goal of the 1996 Act.

Because H.R. 1088 would not ensure that fee collections will not exceed the amount required to fund the relevant regulatory activities of the SEC fees, the bill does not meet requirements (i) and (ii) of the Speaker's statement set forth above. If the fees were being newly created, or were fundamentally different from existing fees, the Committee on Ways and Means would ask that H.R. 1088 be referred to it, in accordance with its jurisdictional prerogative. However, the Committee understands that the intent of H.R. 1088 is to significantly reduce these fees and eliminate fees in excess of the SEC's budget. Under such circumstances (and without prejudice to the jurisdictional interest of the Committee on Ways and Means), I will not seek sequential referral of H.R. 1088, as currently written, or have any objection to its consideration, in its current form, by the House.

However, I would emphasize that, if the fee structure set forth in H.R. 1088 is modified in the future, the Committee on Ways and Means will take all action necessary to protect its proper jurisdictional interest.

Finally, I would respectfully request that you include a copy of this letter in the report for H.R. 1088 or in the Record during floor consideration of the bill. With best personal regards,

Sincerely,

BILL THOMAS,  
Chairman.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON FINANCIAL SERVICES,  
Washington, DC, April 2, 2001.

Hon. WILLIAM M. THOMAS,  
Committee on Ways and Means, Longworth House Office Building, Washington, DC.

DEAR CHAIRMAN THOMAS: Thank you for your letter regarding your Committee's jurisdictional interest in H.R. 1088, the Investor and Capital Markets Fee Relief Act.

I acknowledge your committee's jurisdiction over the revenue aspects of this legislation and appreciate your cooperation in moving the bill to the House floor expeditiously. I agree that your decision to forego further action on the bill will not prejudice the Committee on Ways and Means with respect to its jurisdictional prerogatives on this or similar legislation. I will include a copy of your letter and this response in the Committee's report on the bill and the Congressional Record when the legislation is considered by the House.

Thank you again for your cooperation.

Yours truly,

MICHAEL G. OXLEY,  
*Chairman.*

Mr. Speaker, I reserve the balance of my time.

Mr. LAFALCE. Mr. Speaker, I yield myself 7 minutes.

(Mr. LAFALCE asked and was given permission to revise and extend his remarks.)

Mr. LAFALCE. Mr. Speaker, this bill will do two basic things: first of all, it will achieve pay parity for SEC employees, and there is almost unanimity of opinion, at least amongst Democratic and Republican members of the Committee on Financial Services on that issue. So pay parity is in the principal bill, and pay parity is in the substitute that I would be offering or the motion to recommit, should that be necessary.

There is a difference of opinion within the whole House of Representatives though, primarily from the chairman of the Committee on Government Reform, the gentleman from Indiana (Mr. BURTON), but I will let him speak for himself at the appropriate time.

But there is another important aspect of the bill that is controversial, and that is the issue of fee reductions. Now, for the most part, the publicity that has been given to fee reductions has been given exclusively with respect to so-called section 31 fees. When individuals walked into our office, all they really talked about was section 31 fees.

Now, section 31 fees are transaction fees. These are very, very small amounts of money; but given the volume of transactions, they wind up coming to huge amounts of money. In the last Congress, about the only thing that was being talked about was a reduction in those transaction fees, the section 31 fees. As a matter of fact, I am told that an accord had been entered into between Democrats and Republicans dealing with the reduction exclusively in that fee.

But it is a different Congress, and you cannot throw red meat at somebody without having them bite. It looked as if we will be able to get anything through this Congress we wanted, so let us not just reduce section 31 fees, let us reduce section 6 fees. Let us also reduce section 13 and section 14 fees.

Now, what are they? Well, section 6 fees are the registration fees. They are not transaction fees. Section 13 and section 14 are merger and tender-offer fees. They are not transaction fees. Yet the reduction is with respect to them too.

So when I do offer my substitute, it will be dealing with the issue of not section 6 and Not Section 13 or section 14, but exclusively with section 31; and I will reduce the fees, but not quite as much as the gentleman from Ohio does in his bill.

Now, why am I taking what I think is a more prudent approach? Well, for a whole slew of reasons. First of all, we need to be concerned not just with the enforcement capacity of the SEC; we need to be concerned with the enforcement capacity of the totality of government that is involved in enforcing our securities laws. As the gentleman from Pennsylvania (Mr. KANJORSKI) more than any other Member in this body has pointed out, it is not just the SEC, it is the FBI, it is the Justice Department; and we have got to give them additional resources in addition to giving additional resources to the SEC.

The gentleman from Pennsylvania (Mr. KANJORSKI) tried in subcommittee, he tried in full committee, he tried before the Committee on Rules, but he was unable to get an amendment to clarify that under existing law we must provide fees that deal for the totality of the governmental enforcement effort. I think that that is really unfortunate, because his was not a partisan amendment; it was a rational, law enforcement amendment. The gentleman should have been allowed to offer it.

Secondly, I think we are putting the cart before the horse in a terrible, terrible way. I think we are making a huge mistake. Look back from 1 year to the present. The American public has lost approximately \$5 trillion in equity market valuation. Now, there are a whole slew of reasons for this, of course; but there are things within the purview of the SEC and the Justice Department and the Congress that we need to be looking at very aggressively.

One of them is analyst independence. Are the analysts promoting themselves? Are the analysts promoting the companies they work for? Are the analysts trying to promote the interests of the investor? Well, we are having a hearing on that this very minute. I think what is going on insofar as investor advice is scandalous, and I do not think we should be reducing fees when we have not addressed that problem.

Look what is going on in accounting. In the past several years, we have seen a trebling of the number of restatements of earnings. In the restatement of earnings cases alone, investors have lost over \$30 billion. According to the chief accountant of the SEC, Mr. Lynn Turner, this is the tip of the iceberg. We should be investigating that before we reduce fees.

I think the SEC budget and the Justice Department and FBI budget dealing with securities should be beefed up at least 200 to 300 percent in order to protect the American investor who is in the marketplace today, far, far

greater than the investor has ever been in America's history. Unfortunately, today's bill will preclude the type of effective enforcement that I believe we need.

I think it is regrettable that we are doing this. I think it is almost inevitable. I think the cards are in, but I think we are making a tragic mistake.

Mr. Speaker, H.R. 1088 contains a central flaw that could have an adverse impact on many areas of legislative endeavor. The fundamental problem is what I, and a number of my colleagues, consider an excessive cut in fees charged by the SEC to corporations and, in some cases, individuals. Basically, H.R. 1088 cuts approximately \$14 billion in federal revenues from FY2002 to FY2011. For FY2002 alone, it results in \$1.3 billion in cuts from what otherwise would be collected under present law. I will subsequently join with a number of my colleagues in offering an amendment to remedy this core flaw by diminishing the cuts. At this point, however, I would like to focus on the potential consequences of the approach taken in H.R. 1088.

The Securities and Exchange Commission functions as the primary guardian of U.S. equity and debt markets which are used by better than half American households. It is funded entirely by a variety of complex fees it charges to a range of users. Some of those fees are earmarked, by permanent statute, for the SEC's use. These are referred to as offsets. Others flow into the general revenues. Yet, the markets, directly or indirectly, are the source. The renowned transparency of these markets is the bedrock of the American economy, and the fees are integral to preserving that transparency and protecting investors. How the funds are utilized might be readjusted in the future, but I do not believe that the current revenue stream should be depleted so substantially by permanent statute without a fuller exploration of the adequacy of current oversight and enforcement efforts. The pending substitute would take a more prudent approach.

Prudence is particularly important given substantial evidence that greater oversight and more aggressive enforcement is called for. For example, financial statements are a key barometer of stock worth throughout the entire system, a key piece of information for investors and their accuracy is a central oversight responsibility of the SEC. Yet, judging by the numbers of companies that have had to revise their financial statements in recent months, many major companies have succumbed to the temptation to manipulate their results. The number of restatements has more than trebled from the early 1990s, from an average of less than 50 a year to 156 last year. More than half of the companies accused of financial fraud in shareholder class action suits last year have already been forced to restate their earnings. These figures are particularly troubling when one notes that the original statements are of financials that had been approved by the firms' auditors.

The \$14 billion in fee reductions in H.R. 1088 deny the SEC any claims on those funds to reverse this trend. I realize that much of that \$14 billion now flows into the general revenue and is not now earmarked for SEC use. However, once these substantial cuts are embraced, any objective review and possible subsequent determination that Congress



should in fact bolster SEC resources and expand agency responsibilities through charges to market users will be seriously compromised. If anything, more of those funds which now flow into general revenue should perhaps be earmarked for SEC use and targeted to enforcement activities. I am not prepared to say to what degree. However, I am prepared to say that prudence should be the rule in allowing any cuts at this point. H.R. 1088, as reported, is in my view too extravagant and will impair future efforts to bolster the SEC.

Second, H.R. 1088 needlessly puts pressure on existing budget limits. Let me emphasize that the OMB has not given an opinion on this bill. Indeed, careful reading of the appendix to the President's budget would lead one to believe the administration is assuming user fees are not cut but continue at the present rates. Additionally, we are all keenly aware that there is considerable pressure on discretionary spending and this institution will be forced to make some hard choices this summer and fall. There is reason for deep concern that reserves will be quickly exhausted and that Medicare fund will have to be invaded. In addition, there are valuable social and economic development programs that are facing substantial cuts, which many Members would prefer to give priority over large-scale fee reductions, including important housing programs cut under the HUD budget. H.R. 1088 will only necessitate further belt-tightening. SEC funds flowing to general revenue, as opposed to those earmarked as offset for the SEC, would be reduced by \$8.9 billion from FY 2002 to 2006. In FY 2002 alone, the reductions to general revenue would amount to more than \$1.3 billion. In short, H.R. 1088 will increase the immediate threshold of pain substantially and undeniably. The substitute that I and my colleagues will offer as an amendment goes a long way toward solving this problem.

I do solidly support one aspect of this legislation—giving all SEC employees full pay parity with the employees of the bank regulators. The Financial Services Committee reported such a provision, but subsequent efforts at compromise by my Republican colleagues put that provision at risk. I am pleased that further discussion resulted in the full pay parity provision being reported to the floor as part of H.R. 1088. Such a provision is also included in the substitute that I and my colleagues will offer. The situation at the SEC is dire. This is not only because of its high vacancy and turnover rate. It is also because of the priority we should attach to its mission. If the markets are not made safer through high quality and experienced oversight and enforcement, both investors and our broader economy are at risk. The threat is real, and full pay parity is a necessary and overdue part of the solution.

I urge my colleagues to oppose the bill as reported by the Rules Committee and support the Democratic substitute.

Mr. BURTON of Indiana. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, first of all, let me say to everyone paying attention to this debate that I am under no illusion that this bill is going to go down to defeat. I think it is going to pass overwhelmingly.

I do support wholeheartedly the \$14 billion in fee reductions, which in ef-

fect is going to be like a tax cut for the American people. It is going to be an economic stimulus. What I do oppose, however, is the pay parity provisions, because I think it is going to end up costing the taxpayers of this country a great deal of money.

Now, the SEC in effect wants to take the lid off of the salaries for the people that work there and to have them raised up in conjunction with the other financial institutions in this country. But let me just give you some facts that I think are very important.

The SEC right now has the authority to pay retention allowances under current law up to 25 percent of base pay. So if somebody is making \$160,000 a year, right now they could get a \$40,000 bonus to keep that person employed. That would kick them up to \$200,000. So they do not need this legislation to do that.

The SEC has the authority to pay recruitment bonuses up to 25 percent of base pay. So, once again, if a person was being hired at \$160,000, they could give them a \$40,000 bonus, which would take them to \$200,000. They have that ability right now.

The SEC has the authority to grant employees up to a \$10,000 performance bonus, in addition to the other bonuses I just talked about. So a person, if they did a good job, could get \$210,000, if their base pay was \$160,000.

Now, clearly the SEC is a mismanaged agency. In a recent letter to me from OPM, the Office of Personnel Management, about a 4-page letter, they cited all the problems with the SEC that need to be corrected before they start talking about pay parity. They also said they opposed the pay-parity provisions. The White House, the Office of Management and Budget, opposes the pay-parity provisions.

□ 1130

Yet, it is in this bill, and I am confident it is going to pass today. But I want to go on record opposing it, because it is going to get into the American taxpayers' pockets.

Let me just talk about a couple of other things. Right now the SEC, with recruitment allowances and retention bonuses combined with the special pay rates, could pay attorneys \$14,000 more than the FDIC today. They could pay \$6,000 more than the Comptroller of the Currency. So if we are talking about making sure that that pay parity is there, it is already there. They just need to utilize the tools they already have available to them.

So despite the claims of the SEC, they have recruitment and retention problems really in only three areas, and that is attorneys, accountants, and examiners. If we take those three categories out, the loss of jobs, the people leaving the SEC, has only gone down by 3.1 percent. So the problem that needed to be addressed was only the attorneys, accountants, and examiners, and we tried to work that out, and we could not.

Let me tell the Members something. As a result of this bill being passed, other agencies of government are going to want the same thing, which means the lid is going to be taken off as far as salaries are concerned for government employees.

Already, the Department of Veterans Affairs, the Commodity Futures Trading Commission, the Export-Import Bank, and the Patent Trademark office have all asked for the same pay parity provisions that are in this bill, and I guarantee the Members that every agency of government is going to want the same thing. They are already calling my office, since my committee has jurisdiction over those pay increases. So Members can just count on pay going through the roof in many agencies of government.

Now, the President wanted a 4 percent cap on spending. It has been raised to about a 5 percent cap on spending. When all the agencies that want these pay parity provisions get them, that cap is going to just be busted right to smithereens, and the cost of government is going to go up. That means the taxpayers are going to have to pay more and more and more for government.

The top pay right now at the FDIC and the Office of Thrift Supervision equals the pay of the Vice President of the United States right now. The pay schedule for an employee at the National Credit Union Administration in San Francisco is almost \$300,000 a year.

At the other banking regulating institutions, one out of every five employees makes more than \$100,000. At the Federal Housing Finance Board, it is one out of every three employees. In the rest of the whole government, only one out of 25 employees makes that kind of money. Members can see they are all going to want the same thing. It is going to force a raising of the salaries throughout the government. All the employee unions are going to see this and start pushing for it. This is the camel's nose under the tent. The American people are going to end up paying a heck of a lot more for government than they are paying right now.

This is not a good provision. I support the fee reductions, but this pay parity provision is going to really be bad for the country.

Mr. OXLEY. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New Jersey (Mrs. ROUKEMA).

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, I rise in strong support of this legislation, and I want to commend the gentleman from Ohio (Chairman OXLEY) for taking long overdue leadership in bringing this bill to the floor and Congressman FOSSELLA for introducing it. The Financial Service Committee reported the bill by voice vote and passed the Senate by unanimous consent.



Before Memorial Day, we passed the most significant tax cut in the last twenty years. Millions of American families who are saving and investing in their future will be able to have greater control over their finances. Today we have the opportunity to do the same by passing H.R. 1088. This bipartisan legislation will protect American investors from paying excessive fees on their investments today and end Washington's hidden tax on securities transactions.

#### EXCESSIVE FEES

Fees established in the 1930s for the sole purpose of funding the Securities and Exchange Commission (SEC) have exceeded the amount needed to run the agency by vast sums. Last year alone investors were charged more than six times the amount needed.

Currently, the nearly 88 million American investors who contribute to a public or private retirement plan, 401(k) plan, mutual fund, bank trust, stock or investment product are being overcharged in government fees. Since 1990, American investors have been overcharged in fees by almost \$9.2 billion.

In fact, in my state of New Jersey the public retirement plan, the New Jersey Division of Investment, was overcharged \$307,000 last year in fees. That is a 10 year total of over \$3 million!

We should encourage workers to invest for their future rather than diminish the value of their savings. With more and more options, including mutual funds and online trading, available, the number of Americans investing in the stock market as their primary or supplemental means of saving for retirement has dramatically increased.

As a result of the larger number of employers offering retirement plans, this increase has not been among the very wealthy—the increase in fund ownership between 1998 and 2000 was stronger among households with income of less than \$35,000. These retirement funds, because they are traded in large blocks, are especially hard hit by the current SEC fees.

It does not make sense that we overcharged investors in order to create a Washington slush fund. These excessive fees should be eliminated and I urge my colleagues to support this important legislation.

Mr. OXLEY. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from New York (Mr. FOSSELLA), the sponsor of the legislation.

(Mr. FOSSELLA asked and was given permission to revise and extend his remarks.)

Mr. FOSSELLA. Mr. Speaker, I thank the gentleman for yielding time to me.

I thank him for his leadership, because without his leadership, we would not be able to bring this bill to the floor; as well as the gentleman from Louisiana (Chairman BAKER), on the other side; my colleague, the gentlewomen from New York, Mrs. MALONEY and Mrs. KELLY; the gentleman from New York (Mr. CROWLEY); and the gentleman from New Jersey (Mr. MENENDEZ), among others.

Today this legislation fulfills the promise with the American people. The original intent of the Congress was to fund the SEC, and it does a wonderful job enforcing our Nation's securities laws to protect investors.

But what has happened over the years is that these fees have become a cash cow for the Federal Treasury. So while the SEC may need a budget or require a budget of about \$420 million, the fees collected exceed \$2 billion per year.

Those fees become an indirect tax on capital and investors. So if someone is involved in an IRA, he or she benefits under this bill. If someone has a mutual fund, he or she benefits under this bill. If someone is involved in a 401(k), he or she benefits under this bill. If one is involved in a pension fund, they benefit under this bill. If one is an investor, they benefit under this bill.

Indeed, almost 100 million Americans will benefit, because what Congress does today is to say to the American people, when we make a promise, we keep it. When we say we want money to fund the SEC, we will take that money, but anything over and above that, send it back to the American people.

We know what happens when we send the money back to the American people. Not only do we encourage more investment, which is a good thing for America, but we put more money back in the capital markets to allow those entrepreneurs to create more jobs, to allow investors to have a little more freedom to do what they want with their own money.

Talk about savings, I know we are going to hear a lot of numbers today. In my home State of New York, the New York State Pension Fund, teachers pension fund, pays \$305,000 in excess fees because Congress has failed to act to date. That is one fund. Could Members think of the thousands across the country that will benefit from this?

I urge my colleagues to support this bill and to reject the substitute, because that is not even half a loaf. It is not even a quarter of a loaf. The substitute continues the charade with the American people. The substitute does not go far enough in providing adequate relief for investors. At the end of the day, that is what this is all about.

Mr. Speaker, I thank the chairman once again for his leadership.

Mr. LAFALCE. Mr. Speaker, I yield 4 minutes to the gentleman from Pennsylvania (Mr. KANJORSKI), the ranking member of this subcommittee.

Mr. KANJORSKI. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in opposition to the bill and in favor of the substitute. The reason for that is very simple. I hear my friends on the other side, and I do not delude myself, this is going to pass overwhelmingly. Maybe the 107th Congress will get the reputation of being the corporate Congress because, of all the funds that are out there for special use purposes, the first to come before the Congress is the securities industry fund; not the other funds that we collect and use for other purposes, but this fund.

That being beside the point, I think my friends on the other side are dis-

ingenuous. The intention of the act that created the user fee for this fund was not for the purposes of funding alone the SEC, it was created for the purposes of funding the cost of the security industry in this country to the United States government. The SEC is just a part, and a small part, of that cost.

For instance, take the FBI, a major investigative agency involved in stock fraud cases all the time. I think, to the best of my recollection, the FBI's budget is around \$12 billion a year. Could we imagine maybe 10 percent of the investigative time of the FBI is involved in business fraud and stock fraud situations? That would be \$1.2 billion. We receive nothing back from this user's fee to the general fund to fund that. No, the taxpayer, the man who delivers milk, the farmer that grows farm products, everybody in America pays for that special protection for the securities industry of the Federal government.

Let us look at some of the other side expenses. The Justice Department, how much time and how many Federal attorneys are used, and what are their costs involved with security transactions in this country? Certainly they have to be far greater than zero. Nothing is allotted in the user fee scale to cover these costs. We could go on and on. The judicial branch, how much of the court system is devoted to trying cases and litigating issues and securities?

The intention of the original act was that the Federal Treasury would be compensated by this user fee for that purpose. But my friends on the other side, and I daresay most of my colleagues on the Democratic side, they are going to be so happy to reduce the very small portion of the fee on security transactions and in fact underfund the cost to the United States government of the security industry, because we do not know the real costs.

The full intent of my original amendment and the substitute is to provide sufficient time and study to allocate the real cost of the security industry to all of the United States government, and make sure the fee is sufficient to compensate that cost. Instead of doing that, we are only going to cover the cost of the SEC.

We are sending all the money back, and the additional cost of the FBI, the Justice Department, the court system, and every other element of government involved in security industry transactions in this country is going to be borne by that 50 percent of the American people through their income taxes and other taxes, and they have no participation in the benefit of the securities industry. It is a shifting of burden, and the shifting is to the ones that could least afford it.

Our substitute wants to reduce the user fee to reasonable amounts, but it says, very basically, let us find out what the real cost is. Instead, the first order of business of the majority of

this House is to run forward and see how we can affect and get the appreciation of the securities industry of the United States; a tremendous victory, \$14 billion over 10 years.

Unfortunately, what my friends on the other side are not telling the rest of the American people is that they are going to be paying taxes in other forms to fund some of the cost of government that directly pertains to the securities industry.

I urge my colleagues on our side to stand up for reason and rightfulness. Vote for the substitute and vote down this bill.

Mr. OXLEY. Mr. Speaker, I am honored to yield such time as he may consume to the gentleman from Iowa (Mr. NUSSLE), chairman of the Committee on the Budget.

Mr. NUSSLE. Mr. Speaker, I thank the gentleman for yielding time to me.

I rise in support of H.R. 1088, the Investor and Capital Markets Fee Relief Act of 2001. As the chairman of the Committee on the Budget, I can report to my colleagues that this important bill is fully contemplated and consistent with the recently-agreed conference report on the budget resolution for fiscal year 2002.

The combined reduction in revenue from this bill, with \$1.4 billion for fiscal year 2002 and \$8.8 billion for the first 5 years, and the recently-enacted Economic Growth and Freedom Act of 2001, is fully within the revenue parameters established by the budget resolution for fiscal year 2002.

I would share and express some concern, however, with the provision in the bill that would exempt financial regulators from the SEC from the civil service pay scale. It is important that we consider the impact of this change on the Federal budget and its implications for other Federal agencies requesting comparable treatment.

I would urge the Committee on Financial Services and the chairman to work with the Committee on Government Reform and Oversight during the conference to address this issue raised by the provision pay parity to prevent further and future adverse budgetary impact.

I rise in support of this bill and urge its adoption.

Mr. LAFALCE. Mr. Speaker, I yield 3 minutes to the gentlewoman from California (Ms. WATERS), the ranking member of the subcommittee.

Ms. WATERS. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in opposition to H.R. 1088, the Investor and Capital Markets Fee Relief Act, and in support of the substitute. I believe that its purpose is questionable and its approach excessive.

The current fees on the sale of stock amount to just 33 cents per \$10,000 of transactions. In other words, most individuals will likely presently spend more to buy a newspaper to read the stock prices than they do on these transactions.

This bill would reduce revenues by approximately \$14 billion between 2002 and 2011. I am concerned, especially in light of the recently-enacted tax cut and the need for funding such critical areas, including education, and some relief from high energy prices for my constituents in California, as well as ensuring the solvency of Social Security, that H.R. 1088 is simply cutting too much too soon.

I am an original cosponsor of the Democratic alternative, H.R. 1480, the Fairness in Securities Transactions Act, which represents a reasonable approach to this issue.

The substitute will lower fees by \$4.8 billion over 10 years, as opposed to the \$14 billion in the bill before us. In addition, the substitute, like the underlying bill, gives the SEC the ability to match the pay and benefits of Federal banking regulators to address the SEC's inability to attract and retain qualified staff, no matter what their pay grade or job title.

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It is important to resolve the differences between the salaries of SEC employees and employees of other Federal regulatory agencies, because the SEC pays as much as 40 percent less than the other financial regulatory agencies. The SEC has lost more than 1,000 employees over 3 years, which is more than one-third its total staff. Attrition at the agency has doubled the government average.

With the passage of the Gramm-Leach-Bliley Act last Congress, the distinctions between the job of an SEC lawyer and a Fed lawyer, for example, have become even more blurred. It is crucial that the SEC have the ability to obtain and retain qualified staff so that investors can receive the protection they deserve.

Mr. Speaker, I urge my colleagues to support the Democratic alternative and oppose H.R. 1088.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. KELLY), the chairman of the Subcommittee on Oversight and Investigations.

Mrs. KELLY. Mr. Speaker, I thank the gentleman from Ohio (Mr. OXLEY) for yielding me the time.

Mr. Speaker, I thank my colleagues from both sides of the aisle for their work on this bill. I rise today in strong support of H.R. 1088, the Investor and Capital Markets Fee Relief Act.

This is legislation to prune fees which have grown to become an implicit tax on long-term investors. The excessive fees, especially section 31 fees, penalize those who invest their savings in the market, and those who have pensions invested in the market.

It is untenable for us to silently tax investors, entrepreneurs, and businesses through fees designed to fund securities regulation. In addition, these excessive fees are passed right on to consumers. While the fees are small on a single trade, they exponentially add

up over the years for folk who invest in mutual funds or have pensions.

I am talking about teachers, police officers, workers whose pensions should be protected and encouraged, not taxed. This is a stealth tax.

In addition, the growth of these fees runs directly counter to the legislation that created them. The 1934 Act clearly states that these fees were created to cover the costs of running the SEC. There was nothing about other priorities. Unfortunately, the fees now bring in 5 times as much money as necessary to properly run the SEC.

While it is hard for Washington to return excess money, that is exactly what we must do today. This debate is about priorities, strengthening and encouraging pensions and investment must be our priority.

In crafting this bill with my friends, the gentleman from Louisiana (Mr. BAKER) and the gentleman from New York (Mr. FOSSELLA), I feel it is the best possible solution to the current problem of excessive fees imposed on investors.

This bill will return \$14 billion to investors and pension beneficiaries who earned them, and this is where the money belongs.

Mr. Speaker, I ask my colleagues on both sides of the aisle to join me in voting to return the excess fees to the pensions and to the investors. Vote to follow the intent of Congress when it created these fees. I believe that we should all vote to support the Investor and Capital Markets Fee Relief Act.

Mr. LAFALCE. Mr. Speaker, I yield 2½ minutes to the gentlewoman from the City of New York (Mrs. MALONEY) who has a little bit of interest in this issue.

Mrs. MALONEY of New York. Mr. Speaker, I thank the gentleman from New York (Mr. LAFALCE), the ranking member, for yielding me the time and for his incredible leadership in so many areas.

Mr. Speaker, American investors have been overcharged. Over the last 10 years, the Securities and Exchange Commission has collected \$9.2 billion more than it has needed for its operations. This money comes directly from capital markets participants, including individual investors and new issuers.

This legislation is proconsumer, proinvestor legislation that cuts these fees down to a level that provides the SEC with the resources it needs to do its job while saving investors over \$14 billion over the next 10 years.

These fees were intended to merely cover the operating costs of the SEC. They were never intended to multiply so dramatically. I can remember when stock ownership was reserved for a select few. Today, 52 percent of American households own stock or mutual funds.

Former SEC Chairman Levitt has stated that 87 percent of the New York Stock Exchange fees and 82 percent of NASDAQ fees are paid by investors.

The New York State Public Pension Plan estimated recently that they will

pay \$13.5 million in fees over 5 years. These fees are also paid by the holders of retirement accounts, including 401(k) accounts.

This is the investors' money. We should let them keep it. The bill also included much needed pay parity for the SEC. At the very least, SEC employees should be paid the same as banking regulators. We are in a staffing crisis.

At the SEC regional office, at 7 World Trade Center in New York, 19 percent of the staff left during fiscal year 2000.

Mr. Speaker, I urge my colleagues to support the bill and oppose the substitute. H.R. 1088 is supported by labor, the National Treasury Union, the industry, and the SEC. This bill will send a strong message to the Senate that they should take up our version of the bill and get relief to investors as quick as possible.

Finally, let me thank all that have worked on this bill in a bipartisan way, particularly the gentleman from Ohio (Mr. OXLEY); the gentleman from the great State of New York (Mr. FOSSELLA); and I must thank very much the gentleman from New York (Mr. LAFALCE), the ranking member; and the gentleman from Pennsylvania (Mr. KANJORSKI).

While we disagree on the extent to which SEC fees should be cut, no one has worked harder to secure parity for the SEC employees, and I thank them greatly for their work in this area.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. COOKSEY). The Chair would remind the Members that it is not appropriate to advise the Senate on what actions they should take.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. SAM JOHNSON).

(Mr. SAM JOHNSON of Texas asked and was given permission to revise and extend his remarks.)

Mr. SAM JOHNSON of Texas. Mr. Speaker, it is time to end this excessive fee on savings and investment. It is a fee that is a tax. It was wrong for Congress to impose a fee, otherwise known as a tax, on tens of millions of Americans.

The current tax was levied to fund the Securities and Exchange Commission, but guess what, it soon became a cash cow and Congress now uses it to fund other government programs, and that is just not right. One of my constituents, Al Anderson, of Coastal Securities is an example of someone who is adversely affected by this so-called fee.

When I visited his company, he told me he had to pay an additional \$4 million in taxes over the last 3 years just because of this fee.

Now, that is not a small sum of money, and when he factored it into his business plan, it meant one thing, slower growth. There was a job impact. The government should not be in the business of slowing business down. The business that government ought to be in is to encourage businesses to grow.

While this bill helps companies like Coastal Securities, it will also make it easier for people to save for retirement through either individual stock investments, mutual funds, 401(k)s, or pension plans.

So this bill, which relieves the tax that has gotten far too big and it is used far too wide. With all the talk about the need to prepare for retirement, the least this Congress can do is remove this barrier to savings.

We need to cut taxes again for the people. Support America. Support this bill.

Mr. LAFALCE. Mr. Speaker, I yield 2½ minutes to the gentleman from the great City of New York (Mr. ACKERMAN), a member of the Subcommittee on Financial Institutions and Consumer Credit.

Mr. ACKERMAN. Mr. Speaker, I want to thank the gentleman from the great State of New York (Mr. LAFALCE), the ranking member of the Committee on Financial Services for yielding me the time.

Mr. Speaker, I am proud to be an original cosponsor of H.R. 1088, the Investor and Capital Markets Fee Relief Act. This is very important legislation which will reduce the securities transaction fees, and I rise in strong support of the measure.

A reduction in these fees will benefit not only Wall Street, but will benefit so many families throughout the country who today own more stock than ever before. In addition to individuals, State and local pension plans will benefit from a reduction in these fees.

For example, in my State of New York, it is estimated that payments in the public pension plans alone in section 31 fees are presently projected to be approximately close to \$14 million over the next 5 years.

An important component of any legislation addressing reducing security transaction fees is paid parity for SEC employees.

These Federal workers are stationed not just in Washington, D.C., they live throughout the Nation and work in the SEC field offices. Some of them are my constituents who work in the largest SEC field office in the City of New York.

We must be able to attract and retain highly qualified regulators to ensure the integrity and strength of our markets. We are not seeking to compete with the private sector. As we all know, government service requires a special level of devotion to our Nation, which is often not well compensated, as well as work in the private sector. However, within the Federal Government, the certain standard should exist.

It is simply unacceptable for the SEC regulators not to be paid on par with their counterparts in other Federal financial agencies. I am very pleased that the pay parity provision is included in this bill.

Mr. Speaker, I am very happy to join with so many of our colleagues both on

our committee and others in the House in supporting one of the first measures to be considered on the floor from this new committee, the Committee on Financial Institutions and Consumer Credit.

Mr. Speaker, I look forward to the passage of legislation on the floor today, swift action in the Senate and signing by the President. I encourage our colleagues to vote for this important measure.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. MENENDEZ), the vice chairman of the Democratic Caucus.

(Mr. MENENDEZ asked and was given permission to revise and extend his remarks.)

Mr. MENENDEZ. Mr. Speaker, I want to thank the gentleman from Ohio (Mr. OXLEY) for standing by our bipartisan agreement, for keeping his commitments to those of us on the Democratic side of the aisle, and for fighting for American investors.

I also need to say I am not used to disagreeing with the gentleman from New York (Mr. LAFALCE), the distinguished ranking member, my friend, because he is such a thoughtful legislator and a good friend. I want to thank him for his principled leadership on the Committee on Financial Institutions and Consumer Credit.

However, I strongly support this bill which as written has strong union support, industry support, and agency support.

It is rare to get all of those parties supporting one effort, but this bill has it. It has that support for a good reason. The stock market has increasingly become the investment of choice for America's working families, and these families are relying on the growth of their savings to finance everything from buying a home, to putting their kids through college, to having a secure retirement.

But just as the savings of American families have moved into the market, the government-imposed fees these families pay to purchase these stocks are taking an every-increasing bite out of their profits. Fees are assessed from everything from mutual funds to pension funds in ways that many investors are not often even aware of and are costing Americans billions of dollars. Once you figure in the loss of compound interest, these fees can rob an individual family of thousands of dollars in lost profits over time.

The fees were originally authorized by Congress to cover the operating costs of the Securities and Exchange Commission. That is a necessary and valid purpose which I totally support. Consumers and investment firms benefit from the market, and I think it is reasonable to ask market participants to help pay the costs of the very agency that ensures the market runs efficiently and fairly.

The problem is that today, because of a rise in market value, no one could have predicted these fees are taking almost six times what is necessary to

fund the Securities and Exchange Commission. That is simply not reasonable.

Let us oppose any weakening amendments. Let us make sure that we give investor fee relief. Let us do it in the bipartisan way that this bill has been crafted.

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Mr. LAFALCE. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. MEEKS), a member of the committee from the City of New York.

Mr. MEEKS of New York. Mr. Speaker, I stand today in strong support of H.R. 1088, the Investor and Capital Markets Fee Relief Act.

Let me thank the gentleman from Ohio (Chairman OXLEY) for his leadership and the gentleman from New York (Mr. LAFALCE), the ranking member, for his leadership on the committee. As indicated by the last speaker, this is an unusual opportunity with which I disagree with the ranking member, but on this one I do.

This bill will save investors and other market participants \$14 billion over the next 10 years. The SEC 31 fees and other fees collected by the SEC were created to fund the SEC without the need for an appropriation from the general treasury. However, over the past two decades, an increasing number of individuals have been participating in the market through 401(k)s, mutual funds, and on-line transactions.

This has caused the SEC to collect \$9.2 billion more in fees over the last 10 years than has been needed to fund the agency's operation. As a result, the agency has been put in a position of collecting additional taxes from the public for the general treasury.

H.R. 1088 and its companion bill in the other Chamber will correct this inequity while containing a provision that will allow for fees to be adjusted upward should the SEC face a funding shortfall.

Probably the most important provision for me of this bill is this provision for pay parity for SEC employees with their Treasury and Federal Reserve counterparts. As it stands, the Federal Government is not able to compete with the private sector when it comes to paying our financial regulators what they are worth.

The SEC is at a serious disadvantage when they cannot compete for employees with their government counterparts. The result has been a loss of approximately one-third of their employees over the past 3 years. This creates delays and inefficiencies in carrying out their regulatory duties to safeguard fairness and transparency and all in our capital markets, capital markets which are critical to our position as the world's economic superpower.

I want to thank the sponsor and cosponsor of this bill and encourage all Members of the House to support it.

Mr. OXLEY. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from the Big Apple, New York, (Mr. CROWLEY), a distinguished member of our committee.

(Mr. CROWLEY asked and was given permission to revise and extend his remarks.)

Mr. CROWLEY. Mr. Speaker, I thank the gentleman from Ohio (Mr. OXLEY) for yielding me the time and the gentleman from New York (Mr. LAFALCE) for his diligent work on this bill as well. I rise in strong support, in favor of the Investor and Capital Markets Fees Relief Act. I want to thank the lead sponsors, the gentleman from New York (Mr. FOSSELLA) and the gentleman from New York (Mrs. MALONEY), both from New York City, for introducing this legislation.

These SEC charges are user fees and not taxes, and they currently bring in almost six times more than are needed to operate the SEC. It is fair to lower these fees and pass these savings on to the American people.

While these fees appear small, they can have a substantial effect on Americans who purchase and sell stocks or those Americans who open mutual funds or 401(k)s or who are saving for a retirement in a public pension plan.

In fact, these fees, with their excessive collections, have become an onerous form of taxation on investment, hindering investment and saving opportunities for Americans.

Right now, under the current formula, the typical family will pay \$1,300 in fees over their lifetime to the SEC. By lowering these fees and applying these same dollars to their investments, like pension funds and 401(k)s, this money could grow to over \$11,000 in extra savings.

In my home State of New York, the State's public pension program will pay over \$14 million in the next 5 years in SEC fees if Congress does not take action, fees that are not needed for their intended purpose of financing and operating the Securities and Exchange Commission.

That \$14 million could be better invested into people's pockets for their retirement. As 50 percent of Americans now own stock and have some say in the actions of the financial markets, this bill will provide relief to Main Street, not just to Wall Street.

Furthermore, this legislation will finally provide full pay equity to the hard working employees at the Securities and Exchange Commission, many of whom live in my district and throughout many of the metropolitan cities in America.

This pay equity is not only fair but is also justified and is also badly needed.

In fact, one SEC office in New York City has witnessed 100 percent turnover. This bill will help adjust the staffing problem at the SEC.

As both the representative for the financial capital of the world and a lifelong resident of Queens, I recognize that investors of yesteryear wore wingtip shoes, but the investors today wear workboots.

I urge my colleagues to support this legislation.

Mr. Speaker, I rise in strong support of the Investor and Capital Markets Fee Relief Act

and want to thank the lead sponsors Representatives VITO FOSSELLA and CAROLYN MALONEY for introducing this legislation. These SEC charges are user fees—not taxes—and they currently bring in almost 6 times more than are needed to operate the SEC. It is fair to lower these fees—and pass these savings on to Americans. While these fees appear small, they can have a substantial effect on Americans who purchase and sell stock, or those Americans who own mutual funds or 401(k)s or who are saving for a retirement in a public pension plan. In fact, these fees, with their excessive collections, have become an onerous form of taxation on investment, hindering investment and savings opportunities for Americans.

Right now, under the current formula, the typical family will pay \$1,300 in fees over their lifetime to the SEC. By lowering these fees and applying these same dollars to their investments, like pension funds and 401(k)s, this money could grow to over \$11,000 in extra savings. In home state of New York, the State's public pension program will pay over \$13 million in the next 5 years in SEC fees if Congress does not take action—fees that are not needed for their intended purpose of financing the operations of the Securities and Exchange Commission. That \$13 million could be better invested into people's pockets for their retirement. As 50 percent of Americans now own stock and have some say in the actions of the financial markets, this bill will provide relief to Main Street not just to Wall Street. Furthermore, this legislation will finally provide full pay equity to the hard working employees at the Securities and Exchange Commission, many of whom live in my district and in major metropolitan areas throughout the United States.

They live in places like San Francisco, Los Angeles, Denver, Salt Lake City, Miami, Atlanta, Chicago, Boston, Philadelphia, Fort Worth and, of course, Washington, D.C. This pay equality is not only fair and justified but also badly needed. Currently, the employees of the SEC—the people making sure the securities industry is working for America—are earning less pay than their counterparts at other federal regulatory agencies of the same field, like the Treasury, the Federal Reserve Bank, and the Office of the Comptroller of the Currency. The result—massive staff turnover at the SEC. In fact, one SEC office in New York City has witnessed 100 percent turn over—this bill will help address this staffing problem at the SEC. As both a representative from the financial capital of the world and a lifelong resident of Queens, I recognize that the investors of yesteryear wore wingtips, but the investors of today wear workboots.

This legislation is for the tens of millions of Americans who invest for their retirement, a child's education or a better life and to the hard working and dedicated employees at the SEC, who deserve equality and fairness in their compensation. I urge my colleagues to support this legislation.

Mr. LAFALCE. Mr. Speaker, I yield 2 minutes to the gentleman from New York City, New York, (Mr. ENGEL) of the Committee on Energy and Commerce.

Mr. ENGEL. Mr. Speaker, I want to thank the gentleman from New York (Mr. LAFALCE). Even though we disagree on this bill, he is truly one of the great Members of this House.

I rise to voice my strong support for H.R. 1088. I also want to urge my colleagues to support the manager's amendment. I was a cosponsor of this bill in the last Congress when jurisdiction rested with the Committee on Energy and Commerce on which I serve, and I am also a cosponsor this year as well.

This bill is obviously important to my home city, New York City, and important to the rest of the country as well. The need for the underlying bill is just simple mathematics. Current law allows the Federal Government to charge far more in fees than are needed to keep the SEC operating.

Let us be clear. By the end of this fiscal year, the SEC will have collected \$22 billion more than it has needed to operate. That is \$22 billion that could have stayed with the individual investors to be invested and made available to the capital markets.

We in Congress have done a lot to encourage our constituents to start saving for retirement. Millions of Americans are now investing in the stock market through their 401(k) plans and mutual funds. But some of their savings are actually being drawn off to pay for the fees that have been accumulating at the SEC. We need to fix this now.

These fees drain capital from the private markets, removing it at the very start of the capital-raising process, and divert it to the U.S. Treasury. The transaction fee is assessed when brokerages charge an investor for selling shares, and are generally passed on to the customer as part of the cost of the transaction.

Once this fee is reduced, investors will be able to see the savings immediately. The individual investor, not the broker, is paying the vast bulk of these transaction fees. On the New York Stock Exchange, 87 percent of the section 31 fees are paid by individual investors and 82 percent on the NASDAQ. This is unacceptable.

Also, the manager's amendment adopts the language for pay parity. This is something I have supported for a very long time. We cannot expect the government to attract the talent it needs if we are going to pay these people sometimes half of what they can earn in the same job in the private sector.

So, Mr. Speaker, I urge a yes vote on the manager's amendment and a yes vote on the underlying bill. This is a bill whose time has come.

Mr. OXLEY. Mr. Speaker, I reserve the balance of my time.

Mr. LAFALCE. Mr. Speaker, how much time do we have remaining?

The SPEAKER pro tempore (Mr. COOKSEY). The gentleman from New York (Mr. LAFALCE) has 8 minutes remaining.

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I might consume.

Mr. Speaker, there are some individuals, for example, labor unions who support this bill, and they support it

because of the pay parity provisions, and that is it. They really do not care that much about the various fee reductions. They will support any bill that has pay parity within it. So much for that.

Who are the other ones who are primarily supporting this bill? Well, let us not kid ourselves. It is the securities industry. It is not individual investors. They have not been coming to us. I do not think I have received one phone call or one letter from an individual investor. But I have been inundated by representatives from the various securities industries. They are the ones who are most interested, and they want this reduction. They think it is going to be good for their industry.

Reductions might be in order. The question is how much and what should one do before the reductions. Well, first of all, it seems to me before one does the reductions, one ought to figure out what one needs. We have not done that.

There is not a person in this House who could tell me how much the FBI spends on enforcing our securities laws. There is not a person in this House who can tell me how much the Department of Justice spends on enforcing our securities laws. Most important, no one can tell me how much we should be spending amongst the SEC and the FBI and the Justice Department to fund our securities laws.

Now, that is pretty important. I think that is unbelievably important because we are talking about trillions and trillions of dollars. I mean, you know, we are talking about a relative pittance, we are talking about a relative amount of pennies for individual investors. But when their stock that was 100 all of a sudden goes to 2, there is an enormous problem. That is not a pittance now. That is their life that has been lost. That has been taking place time after time after time for a whole slew of reasons.

At the very minute we are considering this bill, the subcommittee that produced this bill is considering another issue, investor independence. There is an enormous problem there, so enormous that the industry itself yesterday came out with some practices that they said are absolutely imperative to improve the performance of analysts to get their act together. They are a good first step, but they do not go nearly far enough. They are voluntary in nature.

At one time, there was an investigation of thousands of different recommendations, and about 1 percent of those recommendations said sell. Wow. There used to be a ratio of, say, 6 to 1 buy to sell. Lately, that ratio has been revealed to be about 100 to 1.

We have an entirely different type of terminology. The SEC and the FBI and the Justice Department should be investigating this. That is what we should be talking about rather than saying reduce the fees.

Accountants, what are accountants doing? Well, for the most part, ac-

countants are not making very much money doing accounting or auditing. They are doing an audit of a firm, maybe getting \$2 million for the audit, and then making \$100 million on consulting fees. One has to wonder about the independence and objectivity of that audit.

In the past couple of years, we have seen a tripling of the number of restatements of earnings. Each and every single one of those restated earnings had initially been approved by the accountant auditing firm. That is troubling. That has resulted in the decimation of people's lives. They have lost their savings, maybe not 100 percent, but maybe 50 percent, 75 percent of their savings.

The SEC does not have the present capacity. We have seen a geometric increase in market valuation and no increase in staff. We have seen a geometric increase in IPOs and no increase in staff. Now we are going to have an increase in pay, pay parity, and no increase in staff authorizations. So fewer staff.

I am concerned about that. I am concerned about that because the single greatest reason we had problems, Mr. Speaker, with the S&Ls was inadequate supervision, when the number of examiners, the number of supervisors were cut back. There are a multiplicity of reasons, but that was the single greatest one. We put this cart before the horse. We give the industry what it asks for unwittingly.

All the money that was given, by the way, is coming from general revenues. Certain of the monies, certain of the fees are going to a special fund, and the other fees go to general revenues. The reductions we are making all come from general revenues.

So we are going to have \$14 billion less for other things, too, not just SEC, \$14 billion less for prescription drugs, for health care for the uninsured, for housing for those who are homeless. One has to wonder where our priorities are. I wonder.

The bill will pass, but it should not pass, not until we ask all these other questions and answer them and deal with all these other problems first.

Mr. Speaker, I yield back the balance of my time.

Mr. OXLEY. Mr. Speaker, I am to yield 2 minutes to the gentleman from Tennessee (Mr. FORD).

Mr. FORD. Mr. Speaker, I thank the gentleman from Ohio (Mr. OXLEY) for yielding me this time, and certainly to the gentleman from New York (Mr. LAFALCE), my friend and distinguished ranking member, whom I agree with an overwhelming majority of the time, but on this issue here we have a small disagreement.

I rise in support of H.R. 1088. There is no doubt that excessive fees imposed on financial transactions should be reduced.

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These fees were originally intended to fund the enforcement activities of

the Securities and Exchange Commission, but the revenue collected by these user fees has come to far surpass the amount needed by the SEC, as a matter of fact, by a factor of five; and this warrants a little fixing, as they say in my part of the country.

To be sure, we have a host of budget priorities exceedingly more important than the issue on the floor today; the quality and delivery of education, prescription drugs for seniors, and, clearly, national defense, as the President struggles to talk about it across the globe. But we should be addressing these priorities by being responsible with general tax revenue, not by overcharging a specific industry on user fees. It is simply unfair to say to investors, sorry, we charged you too much by accident; but we are not going to give the money back because we need it for other purposes.

SEC fees should be reduced to the point where they fully fund the enforcement responsibilities of the Securities and Exchange Commission. And for the SEC to do its job effectively, its employees need to be paid at a competitive rate. Recruitment and retention of key employees are critical for the effective operation of any business or any government agency. However, the SEC's effectiveness will deteriorate if it cannot maintain its institutional memory and continuity of purpose.

We rely on the SEC to protect investors, a mission that is becoming increasingly complex as more and more Americans become investors and our financial system becomes increasingly global. It is time we establish pay parity between SEC employees and the other financial regulators. H.R. 1088 accomplishes both goals, reducing SEC fees and establishing pay parity for SEC employees. It corrects an unfairness caused by unforeseen changes in the market, and for that reason I am proud to support it.

The SPEAKER pro tempore (Mr. COOKSEY). The time of the gentleman from New York (Mr. LAFALCE) has expired; the gentleman from Ohio (Mr. OXLEY) has 8½ minutes remaining.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. PENCE).

Mr. PENCE. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in strong support of H.R. 1088.

Mr. Speaker, a rose by any other name is still a rose, and government fees are nothing more than government taxes. When the fees that are designed to be drawn from the system to pay for the costs of that system exceed the cost, they are simply and plainly excessive taxes.

The vision of the gentleman from Ohio (Mr. OXLEY), expressed in H.R. 1088, is the right vision for America. It represents an enormous savings to taxpayers. According to the CBO, this bill will save taxpayers, which are the investors who pay the fees, an estimated \$1.5 billion in 2002 alone and \$8.9 billion from 2002 to 2006.

It is time, in these uncertain days of instability and unpredictability in our stock market in America, to say yes to those Americans that invest in America; and I rise, therefore, in strong support of 1088 and say let us reduce the fees that are nothing more than taxes.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. BENTSEN).

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in strong support of the underlying bill. I think it is a good bill. I think it is the right thing to do.

I will say that I do not think this bill is a panacea. It is not going to affect every taxpayer. It is not going to even out corrections in the stock market. But what it will do is save the investors money, it will save issuers money; and more importantly, I think, in an era of surpluses it will get us back to using fees for what Congress originally intended them to be.

Quite frankly, I would hope that we would follow up in passing this bill in bringing the CARA bill to the floor, which passed overwhelmingly, so we could use the fees from offshore drilling, off the coast of my State of Texas and other States, for coastal conservation, as was intended by President Johnson when the Land and Water Conservation Fund was set up. But this bill is the first step in that right direction, and I think it will also require us to go back and look at our budgets and budget appropriately, which, quite frankly, we have not done.

This is a good bill, I support it, I commend the chairman for bringing it to the floor, and I hope my colleagues will follow suit and pass it.

Mr. OXLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I have no further speakers under general debate; but I just want to acknowledge and thank the subcommittee chair, the gentleman from Louisiana (Mr. BAKER). He is very obviously supportive of the bill, it came out of his subcommittee, but he is chairing a very important hearing, as we speak, on the securities issues regarding stock analysts; and that is why he was unable to be present during the general debate.

Ms. CARSON of Indiana. Mr. Speaker, I rise today in support of the LaFalce Amendment. While I agree with the principle of a reduction in SEC fees, and pay parity for SEC employees, I believe that Mr. LAFALCE's substitute approaches this issue with a prudence not present in H.R. 1088.

As many of my colleagues have highlighted, agencies such as the Congressional Budget Office have estimated that the fees required to be collected by the SEC from all sources will total over \$2.47 billion in fiscal year 2001. This represents more than five times the SEC's fiscal 2001 appropriation of \$422.8 million. The current levels of SEC fees that were developed to fund the cost of regulating the securities markets, now seriously exceed the gov-

ernment's cost of regulation to such a degree that they constitute a drag on capital formation, and a special burden on every American investor.

Both H.R. 1088 and the LaFalce substitute address the SEC's staffing crisis by giving the SEC the much-needed ability to match the pay and benefits of other federal banking agencies, and they also recognize that in the wake of the historic Gramm-Leach-Bliley Act of 1999, the ability to compensate SEC staff at the same level as their sister regulators at the banking agencies is more imperative than ever. With pay-parity the SEC can continue to function effectively by remaining an institution that can attract and retain dedicated professionals.

Since 1990, American investors have been overcharged over \$9 billion, as the volume of investment has soared since the fees were originally levied in the 1930s. In 1996, Congress enacted reductions in the fee rates, to take effect over 10 years, with the intention that after fiscal year 2007 the amount collected should be approximately equal to the SEC's budget, or the cost to the government of regulating the markets. However, trading volumes and merger activity have soared, and fee receipts are projected to continue to exceed the SEC's budget by a wide margin.

While I support a fresh attempt to bring SEC fees back down to reasonable levels, and believe that a reduction will benefit all of America's investors, I feel that the LaFalce substitute provides American investors with a more prudent and more secure solution to the reduction of SEC fees, and provides the SEC with a stable solution to its current problems.

Mr. CHAMBLISS. Mr. Speaker, I rise today to speak on H.R. 1088, the Investor and Capital Markets Fee Relief Act.

While I commend Representative FOSSELLA, Chairman OXLEY, and Chairman BURTON on their work to reduce fees imposed by the Securities and Exchange Commission, I am bothered by the lack of inclusion of pay parity for the Commodity Futures Trading Commission while a pay parity provision for the SEC is included. The SEC and the CFTC are the only federal financial regulators governed by the pay scales outlined in title V of the United States Code. The CFTC, as does the SEC, experiences difficulties in recruiting and retaining staff. Including provisions solely for the SEC would only further disadvantage the regulatory body over which my Subcommittee has jurisdiction.

The Commodity Futures Trading Commission cannot currently offer salaries competitive with the private sector; the Commission's ability to compete with fellow public financial regulators will be further hindered. Over a 22-month period, the Commission lost over 40 percent of key staff to better paying positions. Of those who left for better pay, over 20 percent went to the Securities and Exchange Commission—where a 10 percent pay differential was offered within title V. One can only expect for this number to increase if the SEC becomes exempt from title V as other federal financial regulators have. Concerns over recruitment and retention of staff will only be augmented due to this provision in the bill.

The Commodity Futures Modernization Act, signed into law December 2000, is now being implemented by both the CFTC and SEC. Six months after the bill has become law is not an appropriate time to disadvantage the agency.



The best lawyers are needed to implement this bill that is critically important to the financial industry.

Although I have supported H.R. 1088 on the merit of fee reduction, I am disappointed that Chairmen OXLEY and BURTON could not grant my request to include equitable treatment to the Commodity Futures Trading Commission regarding pay parity.

Mr. OXLEY. Mr. Speaker, I yield back the balance of my time.

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
OFFERED BY MR. LAFALCE

Mr. LAFALCE. Mr. Chairman, I offer an amendment in the nature of a substitute.

The SPEAKER pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. LAFALCE:

Strike all after the enacting clause and insert the following:

#### SECTION 1. SHORT TITLE; FINDINGS.

(a) SHORT TITLE.—This Act may be cited as the “Fairness in Securities Transactions Act”.

(b) FINDINGS.—The Congress finds the following:

(1) The United States capital markets are recognized as the most liquid, efficient, and fair in the world.

(2) The Securities and Exchange Commission has been charged since 1934 with maintaining the integrity of the United States capital markets and with the protection of investors in those markets.

(3) The majority of American households have their savings invested in those securities markets.

(4) A lack of pay parity for the employees of the Securities and Exchange Commission with other United States financial regulators poses a serious threat to the ability of the Commission to recruit and retain the professional staff required to carry out its essential mission.

#### SEC. 2. IMMEDIATE FEE REDUCTION.

Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is amended by striking “1/300 of one percent” each place it appears and inserting “1/500 of one percent”.

#### SEC. 3. REVISION OF SECURITIES TRANSACTION FEE PROVISIONS; ADDITIONAL FEE REDUCTIONS.

(a) POOLING AND ALLOCATION OF COLLECTIONS.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is further amended—

(1) in subsection (b)—

(A) by striking “Every” and inserting “Subject to subsection (i), each”; and

(B) by striking the last sentence;

(2) by striking subsection (c);

(3) in subsection (d)—

(A) by striking paragraphs (2) and (3);

(B) by striking the following:

“(d) OFF-EXCHANGE TRADES OF LAST-SALE-REPORTED SECURITIES.—

“(1) COVERED TRANSACTIONS.—Each national securities”

and inserting the following:

“(c) OFF-EXCHANGE TRADES OF EXCHANGE REGISTERED AND LAST-SALE-REPORTED SECURITIES.—Subject to subsection (i), each national securities”;

(C) by inserting “registered on a national securities exchange or” after “security futures products”;

(D) by striking “, excluding any sales for which a fee is paid under subsection (c)”;

(4) by redesignating subsections (e) through (h) as subsections (d) through (g), respectively;

(5) in subsection (e) (as redesignated by paragraph (4)), by striking “(b), (c), and (d)” and inserting “(b) and (c)”;

(6) by adding at the end the following new subsection:

“(h) DEPOSIT OF FEES.—

“(1) OFFSETTING COLLECTIONS.—Fees collected pursuant to subsections (b) and (c) for any fiscal year—

“(A) shall be deposited and credited as offsetting collections to the account providing appropriations to the Commission, except that the amount so deposited and credited for fiscal years 2007 through 2011 shall not exceed the target offsetting collection amount for such fiscal year; and

“(B) shall not be collected for any fiscal year except to the extent provided in advance in appropriation Acts.

“(2) GENERAL REVENUES.—Fees collected pursuant to subsections (b) and (c) for fiscal years 2007 through 2011 in excess of the amount deposited and credited as offsetting collections pursuant to paragraph (1) for such fiscal year shall be deposited and credited as general revenue of the Treasury. No fees collected pursuant to such subsections for fiscal years 2002 through 2006, fiscal year 2012, or any succeeding fiscal year shall be deposited and credited as general revenue of the Treasury.”.

(b) ADDITIONAL REDUCTIONS OF FEES.—

(1) AMENDMENT.—Section 31 of the Securities Exchange Act of 1934 (15 U.S.C. 78ee) is further amended by adding after subsection (h) (as added by subsection (a)(6)) the following new subsections:

“(i) RECAPTURE OF PROJECTION WINDFALLS FOR FURTHER RATE REDUCTIONS.—

“(1) ANNUAL ADJUSTMENT.—For each of the fiscal years 2003 through 2011, the Commission shall by order adjust each of the rates applicable under subsections (b) and (c) for such fiscal year to a uniform adjusted rate that, when applied to the baseline estimate of the aggregate dollar amount of sales for such fiscal year, is reasonably likely to produce aggregate fee collections under this section that are equal to the sum of—

“(A) the target offsetting collection amount for such fiscal year; and

“(B) the target general revenue amount for such fiscal year.

“(2) FINAL RATE ADJUSTMENT.—For fiscal year 2012 and all of the succeeding fiscal years, the Commission shall by order adjust each of the rates applicable under subsections (b) and (c) for all of such fiscal years to a uniform adjusted rate that, when applied to the baseline estimate of the aggregate dollar amount of sales for fiscal year 2012, is reasonably likely to produce aggregate fee collections under this section in fiscal year 2012 equal to the target offsetting collection amount for fiscal year 2011.

“(3) LIMITATION ON RATE ADJUSTMENT.—Notwithstanding paragraphs (1) and (2), no adjusted rate established under this subsection for any fiscal year shall exceed the rate that would otherwise be applicable under subsections (b) and (c) for such fiscal year.

“(4) REVIEW AND EFFECTIVE DATE.—An adjusted rate prescribed under paragraph (1) or (2) and published under subsection (g) shall not be subject to judicial review. Subject to subsections (h)(1)(B) and (j), an adjusted rate prescribed under paragraph (1) shall take effect on the first day of the fiscal year to which such rate applies and an adjusted rate prescribed under paragraph (2) shall take effect on the first day of fiscal year 2012.

“(j) LAPSE OF APPROPRIATION.—If on the first day of a fiscal year a regular appropriation to the Commission has not been enacted, the Commission shall continue to collect fees (as offsetting collections) under subsections (b) and (c) at the rate in effect

during the preceding fiscal year, until such a regular appropriation is enacted.

“(k) DEFINITIONS.—For purposes of this section:

“(1) TARGET OFFSETTING COLLECTION AMOUNT.—The target offsetting collection amount is an amount equal to—

“(A) \$976,000,000 for fiscal year 2002;

“(B) \$1,132,000,000 for fiscal year 2003;

“(C) \$1,370,000,000 for fiscal year 2004;

“(D) \$1,627,000,000 for fiscal year 2005;

“(E) \$1,913,000,000 for fiscal year 2006;

“(F) \$1,110,000,000 for fiscal year 2007;

“(G) \$1,144,000,000 for fiscal year 2008;

“(H) \$1,327,000,000 for fiscal year 2009;

“(I) \$1,523,000,000 for fiscal year 2010; and

“(J) \$1,745,000,000 for fiscal year 2011.

“(2) TARGET GENERAL REVENUE AMOUNT.—The target general revenue amount is an amount equal to—

“(A) zero for each of the fiscal years 2002 through 2006;

“(B) \$463,000,000 for fiscal year 2007;

“(C) \$449,000,000 for fiscal year 2008;

“(D) \$500,000,000 for fiscal year 2009;

“(E) \$551,000,000 for fiscal year 2010; and

“(F) \$614,000,000 for fiscal year 2011.

“(3) BASELINE ESTIMATE OF THE AGGREGATE DOLLAR AMOUNT OF SALES.—The baseline estimate of the aggregate dollar amount of sales for any fiscal year is the baseline estimate of the aggregate dollar amount of sales of securities (other than bonds, debentures, other evidences of indebtedness, and security futures products) to be transacted on each national securities exchange and by or through any member of each national securities association (otherwise than on a national securities exchange) during such fiscal year as determined by the Congressional Budget Office in making projections pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 and as contained in the projection required to be made in March of the preceding fiscal year.”.

(2) CONFORMING AMENDMENT.—Section 31(g) of such Act is amended by inserting before the period at the end the following: “not later than April 30 of the fiscal year preceding the fiscal year to which such rate applies”.

#### SEC. 4. COMPARABILITY PROVISIONS.

(a) COMMISSION DEMONSTRATION PROJECT.—Subpart C of part III of title 5, United States Code, is amended by adding at the end the following:

##### “CHAPTER 48—AGENCY PERSONNEL DEMONSTRATION PROJECT

“Sec.

“4801. Nonapplicability of chapter 47.

“4802. Securities and Exchange Commission.

##### “§ 4801. Nonapplicability of chapter 47.

“Chapter 47 shall not apply to this chapter.

##### “§ 4802. Securities and Exchange Commission

“(a) In this section, the term ‘Commission’ means the Securities and Exchange Commission.

“(b) The Commission may appoint and fix the compensation of such officers, attorneys, economists, examiners, and other employees as may be necessary for carrying out its functions under the securities laws as defined under section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

“(c) Rates of basic pay for all employees of the Commission may be set and adjusted by the Commission without regard to the provisions of chapter 51 or subchapter III of chapter 53.

“(d) The Commission may provide additional compensation and benefits to employees of the Commission if the same type of compensation or benefits are then being provided by any agency referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989



(12 U.S.C. 1833b) or, if not then being provided, could be provided by such an agency under applicable provisions of law, rule, or regulation. In setting and adjusting the total amount of compensation and benefits for employees, the Commission shall consult with, and seek to maintain comparability with, the agencies referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b).

“(e) The Commission shall consult with the Office of Personnel Management in the implementation of this section.

“(f) This section shall be administered consistent with merit system principles.”.

(b) **EMPLOYEES REPRESENTED BY LABOR ORGANIZATIONS.**—To the extent that any employee of the Securities and Exchange Commission is represented by a labor organization with exclusive recognition in accordance with chapter 71 of title 5, United States Code, no reduction in base pay of such employee shall be made by reason of enactment of this section (including the amendments made by this section).

(c) **IMPLEMENTATION PLAN AND REPORT.**—

(1) **IMPLEMENTATION PLAN.**—

(A) **IN GENERAL.**—The Securities and Exchange Commission shall develop a plan to implement section 4802 of title 5, United States Code, as added by this section.

(B) **INCLUSION IN ANNUAL PERFORMANCE PLAN AND REPORT.**—The Securities and Exchange Commission shall include—

(i) the plan developed under this paragraph in the annual program performance plan submitted under section 1115 of title 31, United States Code; and

(ii) the effects of implementing the plan developed under this paragraph in the annual program performance report submitted under section 1116 of title 31, United States Code.

(2) **IMPLEMENTATION REPORT.**—

(A) **IN GENERAL.**—Before implementing the plan developed under paragraph (1), the Securities and Exchange Commission shall submit a report to the Committee on Governmental Affairs and the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Government Reform and the Committee on Financial Services of the House of Representatives, and the Office of Personnel Management on the details of the plan.

(B) **CONTENT.**—The report under this paragraph shall include—

(i) evidence and supporting documentation justifying the plan; and

(ii) budgeting projections on costs and benefits resulting from the plan.

(d) **TECHNICAL AND CONFORMING AMENDMENTS.**—

(1) **AMENDMENTS TO TITLE 5, UNITED STATES CODE.**—

(A) The table of chapters for part III of title 5, United States Code, is amended by adding at the end of subpart C the following:

“48. Agency Personnel Demonstration Project ..... 4801.”.

(B) Section 3132(a)(1) of title 5, United States Code, is amended—

(i) in subparagraph (C), by striking “or” after the semicolon;

(ii) in subparagraph (D), by inserting “or” after the semicolon; and

(iii) by adding at the end the following:

“(E) the Securities and Exchange Commission.”.

(C) Section 5373(a) of title 5, United States Code, is amended—

(i) in paragraph (2), by striking “or” after the semicolon;

(ii) in paragraph (3), by striking the period and inserting “; or”; and

(iii) by adding at the end the following:

“(4) section 4802.”.

(2) **AMENDMENT TO SECURITIES EXCHANGE ACT OF 1934.**—Section 4(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(b)) is amended by striking paragraphs (1) and (2) and inserting the following:

“(1) **APPOINTMENT AND COMPENSATION.**—The Commission shall appoint and compensate officers, attorneys, economists, examiners, and other employees in accordance with section 4802 of title 5, United States Code.

“(2) **REPORTING OF INFORMATION.**—In establishing and adjusting schedules of compensation and benefits for officers, attorneys, economists, examiners, and other employees of the Commission under applicable provisions of law, the Commission shall inform the heads of the agencies referred to under section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b) and Congress of such compensation and benefits and shall seek to maintain comparability with such agencies regarding compensation and benefits.”.

(3) **AMENDMENT TO FIRREA OF 1989.**—Section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b) is amended by striking “the Thrift Depositor Protection Oversight Board of the Resolution Trust Corporation”.

#### SEC. 5. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on October 1, 2001.

The **SPEAKER pro tempore**. Pursuant to House Resolution 161, the gentleman from New York (Mr. LAFALCE) and a Member opposed each will control 30 minutes.

The Chair recognizes the gentleman from New York (Mr. LAFALCE)

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I do not believe the debate should take that long. I offer this amendment on behalf of the gentleman from Pennsylvania (Mr. KANJORSKI), the gentleman from Massachusetts (Mr. FRANK), the gentlewoman from California (Ms. WATERS), the gentleman from Michigan (Mr. DINGELL), the gentleman from New York (Mr. TOWNS), and the gentleman from Massachusetts (Mr. MARKEY).

I have stated before what this amendment in the nature of a substitute does. It has basically the same pay-parity provisions that the underlying bill does; but with respect to the reduction of fees, it focuses in on transaction fees, section 31 fees, and reduces them not by the amount that the main bill does but by approximately half that amount, by approximately \$5 billion rather than by about \$10 billion over a 10-year period. It does not reduce either registration fees or tender-offer or merger fees.

That is the basic difference, and I would hope that Members would support it.

Mr. Speaker, I reserve the balance of my time.

The **SPEAKER pro tempore**. Is the gentleman from Ohio (Mr. OXLEY) opposed to the amendment?

Mr. OXLEY. I am indeed.

The **SPEAKER pro tempore**. The gentleman is recognized for 30 minutes.

Mr. OXLEY. Mr. Speaker, I yield myself such time as I may consume, and indeed I rise in opposition to the amendment.

Let me say to my friend from New York that we have had a good debate on this issue, and it has been a bipartisan debate, which has been quite enlightening. My big concern is that there is some misperception that somehow these SEC fees should be used for something other than funding the Securities and Exchange Commission, that is, the FBI and the Justice Department. Let me remind the Members that when Congress passed the Capital Markets bill, the NSMIA bill, back in 1996, under the leadership of our good friend Jack Fields, the effort at that time was to create a user fee. Those folks who would use the SEC to police the markets and to make certain that things ran smoothly, that those fees would be used to fund the SEC. A genuine user tax. A user tax like when we buy gasoline at the pump. That tax goes into roads and bridges. And that is what a user fee really is.

The user fee in this case has become so large and has grown so exponentially, as a matter of fact I have a chart which shows the SEC funding versus fee collections, and we can see the SEC appropriations down here and the total SEC fees have gone up exponentially, particularly during the bull market; and as a result those fees have become excessive and have in fact funded this SEC six times over.

Now, my friend from New York, who offered the substitute amendment, if he were sincere about taking some of those revenues and using them for something other than the SEC would have directed those fees to the FBI and to the Justice Department, and maybe even to the Metropolitan Police Department of the District of Columbia. But that is not what the SEC fees were all about. That is what the Congress decided back in 1996, and we were so successful that they have overextended the SEC budget by six times.

So what we are saying is this is an overtax. It is a tax on investment, it is a tax on savings, it is a tax on job creation and ought not maintain. So that is where we are today. So while my friend wants to cut some of the fees, but not all of the fees, our argument is just the opposite, that we only need these fees to run the SEC.

Later on this year we will be debating and discussing the reauthorization for the Securities and Exchange Commission. It may very well be, I will say to my friend from New York, that the SEC will come in and make a case for increasing their authorization. And if indeed they do, I will join my friend from New York in authorizing more funds so that the SEC can continue to do its good work. But that will come later, and that is a different issue in that regard.

So this is an amendment that needs to be defeated. We need to return those excess fees back to where they belong, and that is the American investor; and I would ask that the amendment be defeated.

Mr. Speaker, I reserve the balance of my time.

Mr. LAFALCE. Mr. Speaker, I yield myself 2 minutes. First of all, the distinguished chairman says that we are going to reduce the fees now and then later on we are going to consider the needs of the SEC; that later on, if we feel that there are greater needs, then we will increase their authorization. I think he has just proven that we are putting the cart before the horse. We ought to consider what the needs of the SEC are first before we engage in the fee reduction.

Secondly, he says that these fees are only for the SEC. But the fact is the law does not say that. The law does not use the word SEC. The law uses the word government. It is the resources of government that are necessary for the enforcement of our securities law that are to be funded by these fees. And that includes, at the very least, the FBI and the Justice Department.

Now, we wanted to clarify that. We offered an amendment in subcommittee to clarify that. It was argued against. We offered an amendment in the full committee. We attempted to offer an amendment on the floor of the House to clarify that these fees should be used by the totality of government law enforcement agencies with respect to our securities' laws. The Republican majority gave us a gag rule on that issue. They refused to allow us to say that the fees raised should be used for the totality of enforcement, not just SEC, but FBI and the Justice Department.

So to come in and make the argument that all these fees are to be used for SEC when the world knows we need more than the SEC if we are to have effective enforcement, and we are saying, yes, we need these fees for the other governmental agencies too for effective enforcement, I think is misleading and erroneous.

Mr. Speaker, I reserve the balance of my time.

Mr. OXLEY. Mr. Speaker, I yield myself such time as I may consume, before recognizing my next colleague, to respond to my friend from New York, if I may.

The gentleman had the opportunity to put in his substitute anything he wanted, which would have included, of course, the provisions that he mentioned.

□ 1230

Mr. Speaker, I am not making any preconceived ideas about the needs for the SEC. That will obviously come in the necessary regular order as it relates to the SEC and their funding and the reauthorization. But to say that these fees somehow should be used for law enforcement other than the SEC strikes me as simply not correct. The gentleman could simply introduce an amendment to the proper appropriations bills that would increase the funding for the FBI and the Department of Justice directly related to the SEC.

Mr. LAFALCE. Mr. Speaker, will the gentleman yield?

Mr. OXLEY. I yield to the gentleman from New York.

Mr. LAFALCE. Mr. Speaker, the gentleman is not denying that an amendment was offered by the gentleman from Pennsylvania (Mr. KANJORSKI) that the gentleman from Ohio strongly opposed? The gentleman is not denying that the gentleman from Pennsylvania (Mr. KANJORSKI) joined forces before the Committee on Rules in order to seek the permission of the Rules Committee to offer an amendment on the floor of the House and that the gentleman from Ohio opposed it and that the majority of the Rules Committee opposed its being offered on the floor, does the gentleman?

Mr. OXLEY. Of course not. I am simply saying those amendments were defeated handily in the subcommittee and committee, and the gentleman from New York had the opportunity to put that language in his substitute.

Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. FOSSELLA).

(Mr. FOSSELLA asked and was given permission to revise and extend his remarks and include extraneous material.)

Mr. FOSSELLA. Mr. Speaker, I rise to oppose the amendment in the nature of a substitute. As someone who likes to look at the positive, I commend the gentleman from New York for reducing transaction fees; but not enough. That is the problem with the amendment. It does not go far enough.

If we go back to the original intent here, what Congress promised the American people, and my colleagues have heard it here a number of times, we need enough money to fund the SEC, to allow the SEC to do its job. Above and beyond that, to the tune of an excess of \$2 billion per year, let us send that money back to the investors. If we believe that we want to make more American investors, we should reduce the fee, as in the underlying bill. If we want to make more people participants in IRAs, support the underlying bill. If we want to make more people participants in 401(k)s or pension funds, then vote for the underlying bill and oppose this amendment.

Mr. Speaker, the teachers' pension fund in New York alone paid \$305,000 in excess fees. Why should we, Congress, force the teachers' pension fund of New York to pay \$305,000 per year? Where does that money come from? It comes from their members. Think of the thousands of funds across the country.

As far as those who are concerned about the budget of the SEC, and it is a reasonable concern, I ask unanimous consent that this letter dated March 15, 2001 be entered into the RECORD. "I am pleased to write in enthusiastic support of the proposed Investor and Capital Markets Fee Relief Act. This bill, as you described it today, will provide meaningful securities fee relief to investors, market participants, and public companies, while assuring full and stable long-term funding of the

Commission." This was signed by the acting chairman of the SEC. Obviously there is a certain and reasonable level of comfort that the SEC is going to get the funding it needs to do its job.

Mr. Speaker, the underlying bill is what provides investors across America the real purpose and intent of what it was all about. Congress broke its word for awhile. Now it is fulfilling its promise and giving Americans more incentives to invest.

The letter previously referred to is as follows:

U.S. SECURITIES  
AND EXCHANGE COMMISSION,  
Washington, DC, March 15, 2001.

Hon. VITO J. FOSSELLA,  
Committee on Financial Services, House of Representatives, Longworth House Office Building, Washington, DC.

DEAR CONGRESSMAN FOSSELLA: I am pleased to write in enthusiastic support of the proposed "Investor and Capital Markets Fee Relief Act." This bill, as you described it today, will provide meaningful securities fee relief to investors, market participants, and public companies, while assuring full and stable long-term funding of the Commission. I commend you and Chairman Oxley, Subcommittee Chairman Baker, Representatives Sue Kelly, Felix Grucci, Carolyn Maloney, and Joseph Crowley, as well as the other cosponsors and your staff, for crafting such a considered approach to this technically complex and multifaceted issue.

The pay parity provision is particularly important to the Commission's ability to attract and retain qualified staff. The proposed bill, together with commensurate authorization and appropriation, will help address this issue.

Again, I express my sincere thanks for your leadership on these issues. Please let me know if there is anything my staff or I can do to assist you as this process moves forward.

Sincerely,

LAURA S. UNGER,  
Acting Chairman.

Mr. LAFALCE. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Mr. Speaker, I rise in opposition to the substitute, but not in opposition to the substitute's sponsors. The gentleman from New York (Mr. LAFALCE), the ranking member, and the gentleman from Pennsylvania (Mr. KANJORSKI), the subcommittee chairman; and I disagree on the extent to which SEC fees should be reduced.

Mr. Speaker, I want to make sure that all of my colleagues are aware of the tremendous hard work that they have done in ensuring that the pay parity provisions for SEC employees were included in the process. There are no two Members who have been more committed to making sure that the professionals who regulate our capital markets are the most qualified in the world than the gentleman from New York (Mr. LAFALCE) and the gentleman from Pennsylvania (Mr. KANJORSKI).

Mr. Speaker, while their substitute includes the pay parity provisions that are in the underlying bill, I will oppose it because I believe SEC fee reduction should be more expansive than proposed. I believe cutting section 31 fees,

merger and transaction fees, and fees on new issues is the fairest way to provide fee relief.

Under the formula in the underlying bill, all users of the capital markets will be given fee relief, avoiding a situation where one group of users of the capital market overly subsidizes the cost of market regulation for others.

Regardless of our disagreement on this issue, the gentleman from New York has been a leader on pay parity; and I praise his efforts and his principled leadership on the Committee on Financial Services.

The substitute proposal, while well intended, does not significantly reform the current fee structure. The underlying bill has strong union support, industry support, and agency support. It is incredibly rare to have all three parties supporting a bill, yet the underlying bill has their support.

Mr. Speaker, I urge support for the underlying bill, and I urge my colleagues to vote against the substitute.

Mr. OXLEY. Mr. Speaker, I yield 2½ minutes to the gentleman from New York (Mr. GRUCCI), a valuable member of our committee.

Mr. GRUCCI. Mr. Speaker, I rise in opposition to the LaFalce, Kanjorski, Frank, Dingell, Markey, Towns, Waters substitute amendment, and in favor of H.R. 1088. This substitute amendment clearly does not address the excessive and unnecessary transaction fees that are imposed on investors and market participants on a daily basis.

Today nearly half of the U.S. households, 57 percent of which have an annual household income of less than \$75,000, invest in mutual funds. Between 1998 and 2000, the largest increase of mutual fund ownerships has been strongest among households with annual incomes of less than \$35,000. Approximately 88 million Americans own stock directly or indirectly through a pension fund, a 401(k), or a mutual fund. The average American investor is no longer a Wall Street tycoon. The average American investor is now your neighbor.

I believe we have a responsibility here in Congress to encourage hard-working American families to invest in their futures and in those of their children rather than waste money from their savings on unnecessary transaction fees.

A good example of this unnecessary waste is the New York State Teachers' Pension Fund. The fund was overcharged \$305,000 in the year 2000; and over a 10-year span, this could amount to a loss of \$3.6 million.

Now I understand that this fee structure was originally created in the 1930s in order to provide the SEC with an appropriate operating budget. However, with the growth in the investment community, these fees are no longer necessary. The substitute amendment does not address the excessive fees to the extent that we are able to and should not be approved.

Mr. Speaker, I am sure my colleagues will agree that it is simply common

sense for Congress to return hard-earned dollars back to consumers, families, and investors. The savings achieved through the elimination of these securities transaction fees will be better spent by individual Americans on education, retirement, and reinvestment opportunities.

Mr. Speaker, I ask my colleagues to join me in voting against the substitute amendment and in favor of H.R. 1088.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. TOOMEY).

Mr. TOOMEY. Mr. Speaker, I rise in strong support of the underlying bill and in opposition to the Democratic substitute.

The difference between the majority's bill and the Democratic substitute is simple. The majority's bill lowers all fees that all investors pay to the SEC, approximately to the point where the fees collected would about cover the cost of operating the SEC.

The Democratic alternative lowers some fees, but much less, leaving American savers and investors forced to continue to overpay fees to pay this overcharge so it can serve as a cash cow for all of government.

Our bill provides \$14 billion over 10 years in fee reduction because the SEC is poised otherwise to charge \$14 billion in excess fees. The Democratic alternative provides less than \$5 billion in fee reduction. And one of the things that we have heard this morning is a criticism of our bill because it takes into account only the direct costs of the SEC and not all of the other costs that might be associated with some kind of securities enforcement.

Mr. Speaker, I have to say that it does not appear that that provision is the intent of the substitute amendment. I would cite a "Dear Colleague" that was circulated by the supporters of the substitute in which they argued that excess securities fees should be spent on elderly housing programs, Head Start, medical research, and transportation infrastructure. In other words, basically all of government. The idea embodied in the Democratic alternative is that this should continue to serve as a cash cow for the rest of government.

If the minority wants more money for all of these spending programs to grow government, to grow programs, to increase spending, I think it should be paid in a more straightforward way, in a way in which all Americans are more equal in sharing in the burden, and it should not be hidden in fees charged to investors.

Mr. Speaker, it is not fair to do it that way. It is not productive to our capital markets to do it that way. I urge my colleagues to reject the Democratic substitute amendment, and vote for the underlying bill which would be a huge savings for America's savers and investors.

Mr. LAFALCE. Mr. Speaker, I yield 5 minutes to the gentleman from Penn-

sylvania (Mr. KANJORSKI), a distinguished ranking member of the Subcommittee on Capital Markets.

Mr. KANJORSKI. Mr. Speaker, it is a very interesting question that the substitute suggests that we fund all other elements of government. Why do we not look at the special funds that are being collected that are not being used for the purposes that they are being collected for?

I think some of my colleagues on the Committee on Transportation and Infrastructure would say we have airport funds, taxes that are being charged and levied against every traveler at every airport with funds of billions of dollars that are not being used to build airports and to solve the transportation problem, but are going to fund other areas of the Federal Government.

I can tell you a perfect example. I come from an area that involves coal mining. We have the abandoned mine land charge on coal companies in this country with more than \$1.5 billion in that fund, and this Congress has not allocated those funds for 7 or 8 years. We are not even putting out the interest on those funds to correct a grievous error on the environment of air and water pollution in this country.

The idea that suddenly within 5-6 months since the beginning of the 107th Congress, this bill is here on the floor already, moved through the committees, I think even paved in the United States Senate. There is no need to conference this bill. It has been pre-conferenced.

I ask the question: Why? Why can the majority party legislate in 165 days from its beginning this buildup in the securities area of taxation and fund-raising, and they cannot attend to the other problems. They cannot attend to the fact that we have needs in hospitals from the Medicare fund; and needs of education and educational funds to raise. Nobody ever looks at that.

I just have to believe, and I do not like to believe it, but when the telephone rings and our Congress listens, there seems to be direct and very loud communications from Wall Street.

I do not like to say that because I just came from a hearing, otherwise I would have spent my whole day arguing this bill. But over there we were trying to discover whether we have independent analysts. Millions of investors lose a portion or all of their life-savings with bad advice, with partial advice.

Mr. Speaker, have we said any of these funds should be made available to establish standards to provide ethical conduct and enforcement of those standards to see that investors in America sometimes do not lose trillions of their dollars? I raised the question when one of the witnesses talked about every investor on Wall Street should not rely on an analyst, he should read the prospectus, the balance statement of the firm and the profit and loss statement.

I asked the question: Why is the majority party heading down this railroad so quickly? The other side of the aisle wants to even privatize Social Security and allow 130 million Americans to take a percentage of their Social Security and invest it in the stock market, all on the advice of analysts that to some indication have not been forthright with even the more sophisticated investors.

□ 1245

I asked the question: What are you going to do when all of these people come into the market? We know 23 percent of the American people are functionally illiterate. We are not going to have a program and we are not going to have the funds to make sure there are protections for this, whether they are done by private industry or government. I prefer private industry to do it.

What you are doing right now is taking the funding mechanism away for any further protection and information systems that may have to be established, intrastate, interstate on stock security transactions, on payments back on fraud cases from the protection fund. You are taking all this money away. In the future if we discover we need more FBI investigations, more prosecutions, more studies or more information, we are going to come back and take it out of the pot of the average taxpayer, Joe Blow, who has to go to work every day, maybe makes a little bit above minimum wage, and he is going to pick up the tab for the Wall Street investor.

I think it is wrong. I do not think this legislation is wrong. I think the issue of not using user fees for purposes they are not intended to be used is a correct issue. I stand by it. I just say it is premature. Why did you pick the securities industry first? Why did you not think of American transportation? Why did you not think of American medical and health needs and use those funds first? I urge my colleagues to support the substitute and oppose the bill.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. JONES), a member of the committee.

Mr. JONES of North Carolina. Mr. Speaker, I rise today in opposition to the proposed substitute to H.R. 1088. I believe the underlying bill that the gentleman from Ohio (Mr. OXLEY) and my colleagues from both sides of the fence worked so hard to bring to the floor is superior.

Congress created a simple fee structure so that the SEC would be paid directly by the regulated securities community rather than the general taxpayer. The Securities and Exchange Commission accomplished this by imposing user fees on investors. The problem that we are faced with today results from the fact that the revenue we collect from these securities fees total over six times the amount of the SEC's annual budget. The excess fees go into

the general revenue fund and are used to fund programs that have nothing to do with the original congressional intent of only covering the operating costs of the SEC.

The proposed substitute does not fix the problem. Mr. Speaker, the underlying bill before us today, H.R. 1088, would return \$14 billion over the next 10 years to American investors and those seeking access to our securities markets. For this reason, both the Americans for Tax Reform and National Taxpayers Union strongly endorse passage of H.R. 1088.

Mr. LAFALCE. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. I thank the ranking member for yielding me this time.

Mr. Speaker, the Committee on Financial Services, on which we serve, has jurisdiction over at least two sets of fees. When we were doing our budget reviews, they both came up. One set of fees are the fees that go to the SEC, which we are substantially lowering. The other set of fees are the fees that go to the Federal Housing Administration, the FHA. The Bush administration has announced that they are going to raise those.

Now, I hope that when some of us try to contest this fee raising, that all of this fervor against stealth taxes and excessive fees will not have totally dissipated, although I would not want to bet on it, even if betting were legal, which it is of course not. In fact, the FHA is a net contributor to the Federal treasury. We had a hearing called by the chair of the Subcommittee on Housing, the gentleman from New Jersey, in which all of the Federal auditing agencies made it clear, the FHA is in very good shape.

So how do we respond to the FHA, which has the mandate of helping housing, helping particularly nonrich people, because there is a limit on how much house you can get under the FHA, so the FHA is a middle-class and moderate income housing program. The fees on multiple family housing, a commodity in very short supply in much of this country, will be raised. Why will they be raised? Apparently in part so we can reduce the fees on the SEC, because we are talking about a fungible part of money.

So the people who are engaged in stock trading, a perfectly reasonable and honorable occupation but not one I had previously thought as being in the ranks of the oppressed, will get relief. Most of the people involved have already gotten relief through other tax measures, but the FHA fees will go up. If Members wonder whether or not I am violating the rule of germaneness, the answer is no, because these are both fee structures within the jurisdiction of the Committee on Financial Services. Indeed, under the instructions we get from the budget authority, raising one and lowering the other, these are off-sets.

I agree there is a case for lowering the SEC fees. But by lowering them to this extent, we are also making multiple family housing for moderate- and middle-income people more expensive. That is not my choice, that is the choice of this administration, because there is a proposal pending from Secretary Martinez to raise the FHA fees. Under our budget structure, there is an offset here.

Now, it is not simply in this particular instance that I think we err by raising the fees for people of moderate income who are seeking multiple family housing. By the way, the administration has asked us to enhance the ability of the FHA to finance units in some parts of the country. That is their major housing production program right now, the FHA multiple family housing area, and they want to raise the fees on it. On the other hand, they want to reduce, more than I think is justified, the fees on the SEC.

It is not simply this particular instance that troubles me. We have an economy which has been doing better during this past decade than any economy in the history of the world. I am delighted with that, as we all are. We are all working to keep that going. It has produced wealth in amounts beyond what people thought possible. That is a very good thing. But we also know that there have been inequities in the distribution of it.

And what has this Congress consistently done? We have seen inequity and decided to make it worse. We have seen a gap and tried to widen it. That is what we do today. To the people who are in the financial industry and the stock part of the economy where things have over the decade done well, although there is obviously a slight drop now, we give them more benefits. In the area of housing, under the FHA, where we have a national crisis and many people, working people, middle-income people in great distress, this administration wants to raise the fees.

I would hope that we could pass this amendment, not reduce the fees as much, and then turn to the legislative measures that would be necessary to prevent the steep increase in FHA fees that we may be facing. So I am grateful that we have had a chance, because we like to talk about priorities. Here is the chance. You have two sets of fees. As we speak, the administration is preparing to raise FHA fees and we could reduce the necessity for that. It would take some legislative changes but it is all a fungible part of money, if we were to not lower these fees as much.

For people who say, well, why should one subsidize the other, the fact is neither one is being subsidized if you look at the fee structure the way we do it. The FHA fees in fact are in surplus. So the FHA fees will be increased so they can make a bigger contribution to the tax cut and the SEC fees will be substantially reduced, further exacerbating inequality. The Congress should not try to get rid of all inequality. It

could not if it wanted to. But for Congress to take a set of actions, Congress and the administration together, that make this kind of inequity and maldistribution worse rather than better is absolutely the wrong way to go.

Mr. OXLEY. Mr. Speaker, I yield 2½ minutes to the gentleman from Arizona (Mr. SHADEGG), a member of our committee.

Mr. SHADEGG. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in strong support of H.R. 1088. I want to compliment the gentleman from Ohio (Mr. OXLEY), the chairman of our committee, and the gentleman from New York (Mr. FOSSELLA), the author of this bill, for bringing forward such a commonsense piece of legislation.

The reality of this bill is very simple and very straightforward. American investors, and that is over half of all families in America, are being overcharged. It is simple, it is straightforward, it is that basic. They are being overcharged by \$14 billion over the next 10 years. That is indeed an inequity and it is a maldistribution.

This commonsense bill, brought to the floor after a thoughtful legislative process, with hearings, fixes that inequity. And so I rise in strong support of the bill but also in strong opposition to the amendment.

The authors of the amendment are well intended. The substitute, they say they want to go not quite so far. What they would do is overcharge America's investors by \$9.2 billion. I also want to compliment them on being very honest and straightforward. They are not doing this in a deceptive fashion. They say point blank, yes, we know it raises more money than we need, we know it raises \$9 billion more than we need, but we ought to spend that money on, as they propose, elderly housing programs, CDBG blocks, Head Start, medical research, transportation and infrastructure. They admit it raises more than we need and we put that burden on investors, and they say spend it on general funds. I am glad there is bipartisan support for not doing that to America's investors. We have heard Democrats rise on this floor today and support the majority bill and oppose the substitute.

I just want to make the point in opposition to the remarks that were just made. It was just pointed out by my colleague, an argument was made that what is being done wrong here is that, and the argument was made, that we are raising the cost and making more expensive multiple family housing by lowering this excessive fee which collects more than is needed for what the fee is supposed to do. Nothing could be further from the truth. The inequity in maldistribution is that we are imposing this fee on investors, not on others.

If we want to subsidize housing, multiple housing, then let us do so honestly. Let us tell the American people we are doing it. I simply think it is fair to my colleagues and the American

people to understand. If we want to subsidize multiple family housing, so be it, but do not hide it in this bill.

We owe the American people honesty. This bill is honest. We owe American investors, more than half of all American families, to charge only what the fee is supposed to collect. I compliment the sponsors of the bill and I urge my colleagues to support H.R. 1088.

Mr. LAFALCE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore (Mr. COOKSEY). The Chair is unable to entertain the gentleman's point of order until the Chair has put the question on the amendment.

Mr. LAFALCE. Would the Chair restate that position? I thought that I would be able at any point that I was recognized to get up and make a point of order that a quorum was not present.

The SPEAKER pro tempore. Under the rules of the House, the Chair may not recognize the absence of a quorum during debate. The only time the point of order may be entertained is when the Chair puts the question to the House on the gentleman's amendment.

Mr. LAFALCE. So you could debate within the House of Representatives without a quorum?

The SPEAKER pro tempore. A point of order of no quorum is not permitted during the debate, no.

Mr. LAFALCE. Mr. Speaker, I move to adjourn.

The SPEAKER pro tempore. The Chair is unable to recognize the motion.

The previous question is ordered under the rule without such intervening motion.

Mr. OXLEY. Point of inquiry. Does the request have to be in writing?

The SPEAKER pro tempore. On demand, the motion needs to be in writing.

Mr. OXLEY. The gentleman from New York was recognized for what particular purpose?

The SPEAKER pro tempore. With the previous question having been ordered to passage without intervening motion pending is the debate on the amendment controlled by the gentleman from Ohio (Mr. OXLEY) and the gentleman from New York (Mr. LAFALCE). Under the special rule, no other motions are permissible.

Mr. LAFALCE. A motion to adjourn is not permissible at this time?

The SPEAKER pro tempore. The gentleman is correct.

#### PARLIAMENTARY INQUIRY

Mr. LAFALCE. Mr. Speaker, I have a parliamentary inquiry. When is a motion to adjourn permissible?

The SPEAKER pro tempore. With the previous question being ordered to final passage without intervening motion under the rule that motion can be entertained after the question of passage of the bill.

Mr. LAFALCE. Not before passage of the bill?

The SPEAKER pro tempore. That is the ruling of the Chair.

Mr. LAFALCE. I will not appeal the ruling of the Chair. But attempting to expedite this, and I have made an offer that we could proceed expeditiously without vote on the substitute, without offering a motion to recommit, without vote on final passage, and I have been rebuffed. The reason I have been making these motions is because I have been rebuffed in my attempt to expedite the consideration of the House.

□ 1300

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Richmond, Virginia (Mr. CANTOR), a distinguished member of our committee.

Mr. CANTOR. Mr. Speaker, I rise today in opposition to the proposed substitute and in strong favor of the underlying bill.

I would like to commend the gentleman from Ohio (Mr. OXLEY) for his leadership on the bill and the gentleman from New York (Mr. FOSSELLA) for bringing this bill forward.

I think it has been said before, the basic notion behind this bill is a fee for service and, in this case, Depression-era Federal securities laws imposed various user fees on investors and market participants so that the regulated community paid for the costs of their regulation. Here we have a case where the fee has been far in excess of the need for operating the regulatory agency, and ultimately the fee has turned into a back-door hidden tax increase for all Americans who choose to invest their hard-earned money in the capital markets.

The impact of these provisions can be felt by every American at every income level as an estimated 80 million Americans own stocks directly or indirectly through mutual funds, pension funds or college savings plans.

These investment vehicles provide access to wealth, security and retirement and the ability for families to pay for a college education. Fees for registration, merger, tender offers and transactions all add costs to these beneficial programs.

The tax levied upon the American people by securities fees are detrimental to the creation of capital, thereby impeding job creation, economic opportunity and growth. Providing immediate relief from these excessive fees will benefit all investors of all types at every income level, including individuals and small businesses, providing a much needed boost to our slowing national economy.

American investors suffer as these costs are consistently passed on to individuals while excess fee revenues are deposited into the U.S. Treasury to be spent on unrelated government programs.

Mr. Speaker, the situation is unfair and the time has come to correct this injustice. The proposed substitute does not represent a fair return of this hidden tax.

Mr. Speaker, I again express my strong support for the underlying bill and its attempt to provide truth in fees and transparency for all Americans, and I urge defeat of the substitute and adoption of the underlying bill.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. COX).

(Mr. COX asked and was given permission to revise and extend his remarks.)

Mr. COX. Mr. Speaker, I rise in strong support of the Investor and Capital Markets Fee Relief Act and in opposition to the substitute offered by the gentleman from New York (Mr. LAFALCE). Markets do not pay taxes; people do.

So we are just today attempting to relieve taxpayers, people, savers, retirees, teachers, cops, moms and pops, retirees of a burden on savings and investment, and a significant one. We are doing so only to the extent that it is fiscally reasonable. The fees, the taxes that we are talking about here are meant to fund the SEC but over the past many years, and we have been studying this issue for 8 years, we have seen that the fees are running far in excess of what it requires to operate the SEC.

There is a big tax overcharge and it runs into billions of dollars. If we were to adopt the substitute, then the tax overcharge would run to well over \$2 billion still. As a result, it is very, very important to reject the substitute and to pass the underlying legislation.

The bill that we are considering today will repeal the penalty tax on savings and investment that is represented by these enormous fees. The substitute would maintain the status quo. It will not stop the tax overcharge. It will not deliver the tax relief that American savers and investors deserve. It would allow the SEC to continue to impose fees far in excess of what the agency needs to fund its operations.

The substitute is really a great way to stick it to investors and savers. In California, our teachers' retirement, our CALPERS retirement fund, has paid in overcharges, in just the year 2000, \$2.6 million. That is for those worthy people's retirement savings. Why should we take it away from them if it is not necessary for the SEC to fund its operations?

This is a vitally needed bill. It is very, very good for the country. It is good for savers, and I urge that we reject the substitute.

Mr. Speaker, I rise in strong support of the Investor and Capital Markets Fee Relief Act (H.R. 1088), and in opposition to the substitute amendment offered by the gentleman from New York [Mr. LAFALCE].

Markets don't pay taxes—people do.

Before I begin my formal remarks, I'd like to take a moment to commend the chairman of the Financial Services Committee, the distinguished gentleman from Ohio [Mr. OXLEY], as well as the Chairman of the Capital Markets Subcommittee, the gentleman from Louisiana

[Mr. BAKER], for their hard work on this legislation, and for making passage of this bill a top priority for the Committee.

It's entirely appropriate that this legislation follows so closely on the heels of the recently-enacted tax bill, as the legislation before us today provides significant additional tax relief for American investors by reducing the excessive fees now imposed on the sale of Securities: Stocks you own directly, or trust your company retirement plan, or union pension fund, to own in your name. If you're a teacher or peace officer, it's the investments that the trustees of your retirement plan makes.

Today, investors and other participants in U.S. capital markets are being massively overcharged by the Securities and Exchange Commission for the services it provides. When Congress wrote the Securities Act of 1933 and the Exchange Act of 1934, we authorized the SEC to impose certain fees to help offset the agency's costs of regulating the securities marketplace. But in recent years the government has been imposing fees on investors and other participants in the securities market that are far beyond what is needed to pay for the SEC's budget.

Last year alone, investors paid \$2.3 billion in fees to the SEC—six times the amount needed to pay for the agency's \$380 million budget.

Over the last decade, the SEC has collected \$9.2 billion in excessive fees.

These so-called "fees" are a direct tax on savings and investment. All the excess taxes not needed by the SEC are not returned to retirees, or young workers. Instead they're sent along to the U.S. Treasury, to add to our record-breaking tax surplus.

The bill we are considering today, H.R. 1088, will repeal this penalty tax on savings and investment. H.R. 1088 cuts the rate of every major SEC fee.

The substitute, on the other hand, would maintain the status quo. It won't stop the tax overcharge. It won't deliver the tax relief that American seniors and investors deserve. It would allow the SEC to continue to impose fees far in excess of what the agency needs to fund its operations.

The weaknesses of the substitute amendment are evident:

One third the total tax relief. The substitute amendment guarantees that government will continue to collect overcharges of nearly \$10 billion. Of course, none of these extra taxes would go to benefit the SEC whose budget is already fully funded under H.R. 1088. Instead, the overcharges will be passed along to the U.S. Treasury to add to the record-high tax surplus.

Limited transaction fee relief reduces so-called Section 31 fees, which are imposed on the sale of securities. In 1996, these fees raised \$134 million; but in 2000, the amount collected had grown to more than \$1 billion. Under substitute, Section 31 fees could cost investors \$2 billion in 2006.

No registration fee relief. Despite the recent growth in transaction fee collections, Section 6(b) fees—which are imposed on the registration and issuance of new securities—still raise more revenue than any other fee imposed by the SEC: \$1.1 billion last year alone. H.R. 1088 reduces 6(b) fees by 62%; unfortunately, the substitute amendment contains no reduction in 6(b) fees.

No other fee relief. In addition to ignoring the need to reduce securities registration fees,

the substitute also fails to reduce the other tax overcharges covered by H.R. 1088. It contains no relief for hard-working Americans.

For all these reasons, I urge my colleagues to reject the substitute amendment. It fails to provide investors—who have been massively overpaying for the SEC's services—with the relief they deserve from these massive tax overcharges on savings and investments. By rejecting this amendment, and instead approving the tax relief in H.R. 1088, Congress can protect Americans from burdensome taxes on their life savings, on capital formation and on the competitiveness of the U.S. economy.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. ROYCE), a distinguished member of our committee.

Mr. ROYCE. Mr. Speaker, when Congress created the current fee structure for securities transactions, the intent there was to ensure that the regulated community would pay for the cost of their regulation, and basically due to a rising stock market and due to unprecedented trading volume the government is now collecting fees that greatly exceed the operating budget of the SEC; in fact, by some six times greater than that operating budget.

What happens to this revenue? Well, it is deposited into the U.S. Treasury and it is used for other Federal programs.

What would be the benefit of eliminating the tax overcharge? Well, by reducing the transaction fees paid by investors each time they sell a stock, by reducing the registration fees, then this would eliminate basically a tax on equity transactions. This is a tax felt by everyone who invests in mutual funds. This is a tax felt by everyone in retirement accounts and, as we know, Mr. Speaker, it is a majority of Americans.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. MANZULLO), a distinguished member of our committee.

Mr. MANZULLO. Mr. Speaker, I rise in opposition to the Democrat substitute. We have heard a lot today about the SEC, through no fault of its own, collecting six times more per year than it needs to fulfill its obligations. That extra money goes into the general government money pot and then it is spent on other programs. Apparently some people think that is okay, but the bottom line is this: More Americans are investing than ever before and this is good. Unfortunately, only 20 percent of small business owners are able to set up pension plans for their employees. This is bad. Any unnecessary money we collect diminishes the value of American savings and may prevent other small businesses from helping their employees plan for retirement.

We should not penalize the millions of American families and small businesses who are working hard to plan for the future. I would encourage my colleagues to vote no on the Democratic substitute.

Mr. LAFALCE. Mr. Speaker, I reserve the balance of my time.



Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. ROGERS), a member of our committee.

Mr. ROGERS of Michigan. Mr. Speaker, I thank the gentleman from Ohio (Mr. OXLEY) for his leadership.

Mr. Speaker, my father was a teacher for 32 years. He paid into his pension regularly; never missed, quite obviously. His pension was being overcharged by user fees.

I have a friend that is a milk hauler, works long hours, spends a lot of time away from his family. He diligently puts a little money aside every week in his 401(k). His pension, his savings for his family, is being overcharged.

I have a friend of mine, a young widow with two children, puts a little money away in an education savings plan in Michigan. That education savings plan, the very thing that is going to allow her children to better themselves, is being overcharged.

This is very, very simple. We can talk about \$14 billion and we can talk about the structure of the SEC and the regulators and pay parity, and all of those things are important, but what is important to me and the people I represent are these teachers, are these widows, are these hard-working individuals who get up every day and play by the rules who just say, look, I understand I have to pay for it but do not overcharge me one penny, please, because it is my money.

The weight and burden should not be on the shoulders of those who save for their future.

Mr. LAFALCE. Mr. Speaker, I reserve the balance of my time.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. THOMAS), the distinguished chairman of the Committee on Ways and Means.

(Mr. THOMAS asked and was given permission to revise and extend his remarks.)

Mr. THOMAS. Mr. Speaker, I want to compliment everyone who worked on this particular bill. For a long time, the quote/unquote, SEC user fees were actually taxes, and there is a long record of the fact that it was a revenue raiser. In fact, it was a tax on investing. For some time, there has been a history of the Committee on Ways and Means using a constitutional provision in dealing with taxes called blue slipping legislation that moves from the Senate, since they do not have the ability to originate revenue, and the SEC user fees clearly fit the pattern of taxes.

With this bill, that is no longer the case. With the adjustment in the user fees, what they actually are going to be are user fees. If someone wants to mark progress in the Federal system, the idea of having legislation to call something what it actually is is a blue ribbon day.

So I want to thank the committee in terms of producing a product in which the phrase "user fee" is used and it is,

indeed, a user fee. I congratulate the chairman for this.

Mr. LAFALCE. Mr. Speaker, I yield back the balance of my time.

Mr. OXLEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. COOKSEY). Pursuant to House Resolution 161, the previous question is ordered on the bill, as amended, and on the amendment in the nature of a substitute offered by the gentleman from New York (Mr. LAFALCE).

The question is on the amendment in the nature of a substitute offered by the gentleman from New York (Mr. LAFALCE).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. OXLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 126, nays 299, not voting 7, as follows:

[Roll No. 164]

YEAS—126

Abercrombie	Hilliard	Napolitano
Allen	Hinchee	Neal
Baca	Hoefel	Oberstar
Baldacci	Holden	Obey
Baldwin	Honda	Oliver
Barrett	Hooley	Owens
Becerra	Hoyer	Pastor
Berman	Inslee	Payne
Bonior	Jackson (IL)	Pelosi
Borski	Jackson-Lee	Pomeroy
Boswell	(TX)	Price (NC)
Boyd	Kanjorski	Rivers
Brady (PA)	Kaptur	Rodriguez
Brown (FL)	Kennedy (RI)	Roybal-Allard
Brown (OH)	Kildee	Sabo
Capuano	Kilpatrick	Sanders
Cardin	Kind (WI)	Sawyer
Carson (IN)	LaFalce	Schakowsky
Clay	Lampson	Schiff
Clayton	Langevin	Scott
Clyburn	Lantos	Serrano
Conyers	Larson (CT)	Skelton
Coyne	Lee	Slaughter
Cummings	Levin	Solis
DeFazio	Lewis (GA)	Spratt
DeGette	Luther	Stark
Delahunt	Markey	Stupak
DeLauro	Mascara	Taylor (MS)
Dicks	Matheson	Thompson (CA)
Dingell	Matsui	Thompson (MS)
Doggett	McCarthy (MO)	Thurman
Doyle	McCollum	Tierney
Edwards	McDermott	Turner
Eshoo	McGovern	Udall (CO)
Etheridge	McKinney	Udall (NM)
Evans	Meehan	Visclosky
Farr	Meek (FL)	Waters
Fattah	Millender	Watson (CA)
Filner	McDonald	Watt (NC)
Frank	Miller, George	Waxman
Gephardt	Mink	Woolsey
Green (TX)	Mollohan	Wynn
Hastings (FL)	Murtha	

NAYS—299

Ackerman	Bartlett	Blumenauer
Aderholt	Barton	Blunt
Akin	Bass	Boehert
Andrews	Bentsen	Boehner
Armey	Bereuter	Bonilla
Bachus	Berkley	Bono
Baird	Berry	Boucher
Baker	Biggert	Brady (TX)
Ballenger	Bilirakis	Brown (SC)
Barcia	Bishop	Bryant
Barr	Blagojevich	Burr

Burton	Hoekstra	Putnam
Buyer	Holt	Quinn
Callahan	Horn	Radanovich
Calvert	Hostettler	Rahall
Camp	Hulshof	Ramstad
Cannon	Hunter	Rangel
Cantor	Hutchinson	Regula
Capito	Hyde	Rehberg
Capps	Isakson	Reyes
Carson (OK)	Israel	Reynolds
Castle	Issa	Riley
Chabot	Istook	Roemer
Chambliss	Jefferson	Rogers (KY)
Clement	Jenkins	Rogers (MI)
Coble	John	Rohrabacher
Collins	Johnson (CT)	Ros-Lehtinen
Combest	Johnson (IL)	Ross
Condit	Johnson, Sam	Rothman
Cooksey	Jones (NC)	Roukema
Costello	Keller	Royce
Cox	Kelly	Rush
Cramer	Kennedy (MN)	Ryan (WI)
Crane	Kerns	Ryun (KS)
Crenshaw	King (NY)	Sanchez
Crowley	Kingston	Sandlin
Culberson	Kirk	Saxton
Cunningham	Klecza	Scarborough
Davis (CA)	Knollenberg	Schaffer
Davis (FL)	Kolbe	Schrock
Davis (IL)	Kucinich	Sensenbrenner
Davis, Jo Ann	LaHood	Sessions
Davis, Tom	Largent	Shadegg
Deal	Larsen (WA)	Shaw
DeLay	Latham	Shays
DeMint	LaTourette	Sherman
Deutsch	Leach	Sherwood
Diaz-Balart	Lewis (CA)	Shimkus
Dooley	Lewis (KY)	Shows
Doolittle	Linder	Shuster
Dreier	Lipinski	Simmons
Duncan	LoBiondo	Simpson
Dunn	Lofgren	Skeen
Ehlers	Lowe	Smith (MI)
Ehrlich	Lucas (KY)	Smith (NJ)
Emerson	Maloney (CT)	Smith (TX)
Engel	Maloney (NY)	Smith (WA)
English	Manzullo	Snyder
Everett	McCarthy (NY)	Souder
Flake	McCrery	Spence
Fletcher	McHugh	Stearns
Foley	McInnis	Stenholm
Ford	McIntyre	Strickland
Fossella	McKeon	Stump
Frelinghuysen	McNulty	Sununu
Frost	Meeks (NY)	Sweeney
Gallegly	Menendez	Tancred
Ganske	Mica	Tanner
Gekas	Miller (FL)	Tauscher
Gibbons	Miller, Gary	Tauzin
Gilchrest	Moore	Taylor (NC)
Gillmor	Moran (KS)	Terry
Gilman	Moran (VA)	Thomas
Gonzalez	Morella	Thornberry
Goode	Myrick	Thune
Goodlatte	Nadler	Tiahrt
Gordon	Nethercutt	Tiberi
Goss	Ney	Toomey
Graham	Northup	Towns
Granger	Norwood	Trafficant
Graves	Nussle	Upton
Green (WI)	Ortiz	Velazquez
Greenwood	Osborne	Vitter
Grucci	Ose	Walden
Gutierrez	Otter	Walsh
Gutknecht	Oxley	Wamp
Hall (OH)	Pallone	Watkins (OK)
Hall (TX)	Pascarell	Weiner
Hansen	Paul	Weldon (FL)
Harman	Pence	Weldon (PA)
Hart	Peterson (MN)	Weller
Hastings (WA)	Peterson (PA)	Wexler
Hayes	Petri	Whitfield
Hayworth	Phelps	Wicker
Hefley	Pickering	Wilson
Herger	Pitts	Wolf
Hill	Platts	Wu
Hilleary	Pombo	Young (AK)
Hinojosa	Portman	Young (FL)
Hobson	Pryce (OH)	

NOT VOTING—7

Cubin	Johnson, E. B.	Watts (OK)
Ferguson	Jones (OH)	
Houghton	Lucas (OK)	

□ 1335

Mrs. KELLY, Ms. SANCHEZ, and Messrs. COBLE, DAVIS of Illinois,



GILMAN, CARSON of Oklahoma, McNULTY, PICKERING, REYES, BARR of Georgia, ROTHMAN, TOWNS, and RUSH changed their vote from “yea” to “nay.”

Mr. WYNN and Mr. THOMPSON of Mississippi changed their vote from “nay” to “yea.”

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Stated against:

Mr. WATTS of Oklahoma. Mr. Speaker, I was unavoidably detained across town at an important Energy Seminar and unfortunately missed the vote on the LaFalce Substitute Amendment to H.R. 1088 earlier today.

I ask that the RECORD reflect that, had I been able to be here for the vote, I would have voted “no” on the LaFalce Substitute.

The SPEAKER pro tempore (Mr. LINDER). The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

#### RECORDED VOTE

Mr. FOSSELLA. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 404, noes 22, not voting 6, as follows:

[Roll No. 165]

AYES—404

Abercrombie	Bryant	Deutsch
Ackerman	Burr	Diaz-Balart
Aderholt	Buyer	Dicks
Akin	Callahan	Doggett
Allen	Calvert	Dooley
Andrews	Camp	Doolittle
Armed	Cannon	Doyle
Baca	Cantor	Dreier
Bachus	Capito	Dunn
Baird	Capps	Edwards
Baker	Capuano	Ehlers
Baldacci	Cardin	Ehrlich
Baldwin	Carson (IN)	Emerson
Ballenger	Carson (OK)	Engel
Barcia	Castle	English
Barr	Chabot	Eshoo
Barrett	Chambliss	Etheridge
Bartlett	Clay	Evans
Barton	Clement	Everett
Bass	Clyburn	Farr
Becerra	Coble	Fattah
Bentsen	Collins	Flake
Bereuter	Combest	Fletcher
Berkley	Condit	Foley
Berman	Conyers	Ford
Berry	Cooksey	Fossella
Biggert	Costello	Frank
Bilirakis	Cox	Frelinghuysen
Bishop	Coyne	Frost
Blagojevich	Cramer	Galleghy
Blumenauer	Crane	Ganske
Blunt	Crenshaw	Gekas
Boehlert	Crowley	Gephardt
Boehner	Culberson	Gibbons
Bonilla	Cummings	Gilchrest
Bonior	Cunningham	Gillmor
Bono	Davis (CA)	Gilman
Borski	Davis (FL)	Gonzalez
Boswell	Davis (IL)	Goode
Boucher	Davis, Jo Ann	Goodlatte
Boyd	Davis, Tom	Gordon
Brady (PA)	Deal	Goss
Brady (TX)	DeGette	Graham
Brown (FL)	DeLauro	Granger
Brown (OH)	DeLay	Graves
Brown (SC)	DeMint	Green (TX)

Green (WI)	McCarthy (MO)	Sabo
Grucci	McCarthy (NY)	Sanchez
Gutierrez	McCollum	Sanders
Gutknecht	McCrery	Sandlin
Hall (OH)	McDermott	Sawyer
Hall (TX)	McGovern	Saxton
Hansen	McHugh	Scarborough
Harman	McInnis	Schaffer
Hart	McIntyre	Schakowsky
Hastings (FL)	McKeon	Schiff
Hastings (WA)	McKinney	Schrock
Hayes	McNulty	Scott
Hayworth	Meehan	Sensenbrenner
Hefley	Meek (FL)	Serrano
Heger	Meeks (NY)	Sessions
Hill	Menendez	Shadegg
Hilleary	Mica	Shaw
Hilliard	Millender	Shays
Hinchee	McDonald	Sherman
Hinojosa	Miller (FL)	Sherwood
Hobson	Miller, Gary	Shimkus
Hoeffel	Miller, George	Shows
Hoekstra	Mink	Shuster
Holden	Mollohan	Simmons
Holt	Moore	Simpson
Honda	Moran (KS)	Skeen
Hooley	Moran (VA)	Skelton
Horn	Morella	Slaughter
Hostettler	Murtha	Smith (MI)
Hoyer	Myrick	Smith (NJ)
Hulshof	Nadler	Smith (TX)
Hunter	Napolitano	Smith (WA)
Hutchinson	Neal	Snyder
Hyde	Nethercutt	Solis
Inslee	Ney	Souder
Isakson	Northup	Spence
Israel	Norwood	Spratt
Issa	Nussle	Stearns
Istook	Oberstar	Stenholm
Jackson (IL)	Ortiz	Strickland
Jackson-Lee	Osborne	Stump
(TX)	Ose	Stupak
Jenkins	Otter	Sununu
John	Owens	Sweeney
Johnson (CT)	Oxley	Tancredo
Johnson (IL)	Pallone	Tanner
Johnson, Sam	Pascarell	Tauscher
Jones (NC)	Pastor	Tauzin
Keller	Paul	Taylor (NC)
Kelly	Payne	Terry
Kennedy (MN)	Pelosi	Thomas
Kennedy (RI)	Pence	Thompson (CA)
Kerns	Peterson (MN)	Thompson (MS)
Kilpatrick	Peterson (PA)	Thornberry
Kind (WI)	Petri	Thune
King (NY)	Phelps	Tiahrt
Kingston	Pickering	Tiberi
Kirk	Pitts	Toomey
Kleczka	Platts	Towns
Knollenberg	Pombo	Trafficant
Kolbe	Pomeroy	Turner
LaHood	Portman	Udall (CO)
Lampson	Price (NC)	Udall (NM)
Langevin	Pryce (OH)	Upton
Lantos	Putnam	Velazquez
Largent	Quinn	Vitter
Larsen (WA)	Radanovich	Walden
Larson (CT)	Rahall	Walsh
Latham	Ramstad	Wamp
LaTourette	Rangel	Watkins (OK)
Leach	Regula	Watson (CA)
Levin	Rehberg	Watt (NC)
Lewis (CA)	Reyes	Watts (OK)
Lewis (GA)	Reynolds	Waxman
Lewis (KY)	Riley	Weiner
Linder	Rivers	Weldon (FL)
Lipinski	Rodriguez	Weldon (PA)
LoBiondo	Roemer	Weller
Lofgren	Rogers (KY)	Wexler
Lowe	Rogers (MI)	Whitfield
Lucas (KY)	Rohrabacher	Wicker
Lucas (OK)	Ros-Lehtinen	Wilson
Luther	Ross	Wolf
Maloney (CT)	Rothman	Woolsey
Maloney (NY)	Roukema	Wu
Manzullo	Roybal-Allard	Wynn
Mascara	Royce	Young (AK)
Matheson	Rush	Young (FL)
Matsui	Ryan (WI)	
	Ryun (KS)	

NOES—22

Filner	Lee
Jones (OH)	Markey
Kanjorski	Obey
Kaptur	Oliver
Kucinich	
LaFalce	

Stark	Thurman	Visclosky
Taylor (MS)	Tierney	Waters

NOT VOTING—6

Cubin	Greenwood	Jefferson
Ferguson	Houghton	Johnson, E. B.

□ 1354

Mr. VISCLOSKY changed his vote from “aye” to “no.”

Ms. WOOLSEY changed her vote from “no” to “aye.”

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

#### LEGISLATIVE PROGRAM

(Mr. BONIOR asked and was given permission to address the House for 1 minute.)

Mr. BONIOR. Mr. Speaker, I rise to inquire about the schedule for next week from the gentleman from Texas (Mr. ARMEY), the distinguished majority leader.

Mr. Speaker, I yield to the gentleman from Texas (Mr. ARMEY).

Mr. ARMEY. Mr. Speaker, I thank the gentleman from Michigan (Mr. BONIOR) for yielding to me.

Mr. Speaker, I am pleased to announce that the House has completed its legislative business for the week. The House will meet next week for legislative business on June 19, 2001, at 12:30 p.m., that will be for morning hour, and will meet at 2 p.m. for legislative business.

The House will consider a number of measures under the suspension of the rules, a list of which will be distributed to Members' offices tomorrow.

On Tuesday, no recorded votes are expected before 6:00 p.m.

On Wednesday, and the balance of the week, the House will consider the following measures, subject to the rules: the Supplemental Appropriations Act and the Agricultural Appropriations Act.

On Friday, Mr. Speaker, no votes are expected past 2:00 p.m.

Mr. BONIOR. Mr. Speaker, I thank the gentleman for his remarks and would like to inquire of him on what days the gentleman expects next week to bring up the supplemental and on what days the ag appropriation bill?

Mr. ARMEY. If the gentleman will continue to yield, the supplemental we expect to have on the floor on Wednesday; and we would put agriculture appropriations on Thursday, with the expectation that it would run into Friday.

Mr. BONIOR. If by some chance we finish ag on Thursday, would that necessitate a session on Friday? Or would that still be left up in the air?

Mr. ARMEY. Mr. Speaker, I appreciate the gentleman's inquiry. In fact, if we do manage to finish the bill on Thursday, we would probably then extend Friday for work back in the districts.

Mr. BONIOR. Let me ask this question of the gentleman from Texas, my

friend. There are reports that on the HMO bill, the gentleman plans to bring their bill to the floor before the 4th of July. Are we likely to see that come to the floor next week?

Mr. ARMEY. I appreciate the gentleman's inquiry, but while we are placing extremely high priority on the HMO reform and would have hopes to have it on the floor before the 4th of July, I think that it is clear it will not be available next week. My own view is that we would probably expect it soon after the 4th of July at the earliest.

Mr. BONIOR. Finally, Mr. Speaker, if I could just raise this issue with the gentleman from Texas, the distinguished majority leader, I wanted to inform the gentleman that we now have 198 signatures on a discharge petition for school modernization.

There are 21 Republicans who have sponsored the Nancy Johnson-Charlie Rangel bill on school modernization. I would hope that this bill could be brought before the body. The need is obvious, all around the country with one out of every three schools having serious school refurbishing and modernization needs.

If I could just take one other minute, I would like to just relay to my colleague regarding a school that I visited in the Detroit area recently. It was built in 1926, and it was built to hold 900 students. It has 1500 students in it, 40 to a classroom, many of the obvious problems that we see with our schools, windows, heating problems, the unavailability of privacy in bathrooms, water not working.

These issues are prevalent in our schools throughout the country. Many of our schools need support in the endeavor to refurbish and to modernize. And there is bipartisan support for this bill.

I am just hoping that Members on the other side of the aisle will ask their leadership to bring this bill to the floor. If they do not, I am hopeful that they will join us to go to 218 so we can discharge it.

Having said that, I thank my colleague for his schedule for the remainder of the week and next week and I wish him a good weekend.

Mr. ARMEY. I thank the gentleman.

#### ADJOURNMENT TO MONDAY, JUNE 18, 2001

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 2 p.m. on Monday next.

The SPEAKER pro tempore (Mr. ISSA.) Is there objection to the request of the gentleman from Texas?

There was no objection.

#### HOUR OF MEETING ON TUESDAY, JUNE 19, 2001

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that when the House adjourns on Monday, June 18, 2001, it adjourn to meet at 12:30 p.m. on

Tuesday, June 19, 2001, for morning hour debates.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

□ 1400

#### DISPENSING WITH CALL OF PRIVATE CALENDAR ON TUESDAY NEXT

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that the call of the Private Calendar be dispensed with on Tuesday next.

The SPEAKER pro tempore (Mr. ISSA.) Is there objection to the request of the gentleman from Texas?

There was no objection.

#### DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### HAPPY FATHER'S DAY

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that it be the express will of this body that every father in America have a glorious weekend.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### FERC LIKELY TO PUT NEW LIMITS ON CALIFORNIA ENERGY PRICES

(Mr. McDERMOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McDERMOTT. Mr. Speaker, I am very pleased to report here, on Flag Day, that the oil industry forces of George II are in retreat. A few weeks ago, the Duke of Halliburton, Mr. CHENEY, met with the Oregon, Washington, Montana, and Idaho delegations and said there is no problem, we are not doing anything. Then a few days ago he met with the California delegation and stiffed them in the same way.

Now it turns out in today's newspaper, which I will enter into the RECORD, an article from the Washington Post, they are in retreat. They are going to go down to FERC and finally ask FERC to do what the law says it must do, that is, cap unreasonable prices in electricity.

The United States west of the Rockies has been ignored by this administration, but they are now en route. They are running for the hills. They

have dropped their guns. They have torn off their uniforms, and they are running to hide down at FERC.

They are not going to get away with putting in something down at FERC that just does a little something. We want real caps on those gougers. Vote for the Anti-Gouging Act of 2001.

[From the Washington Post, June 14, 2001]

#### FERC LIKELY TO PUT NEW LIMITS ON CALIFORNIA ENERGY PRICES

(By Mike Allen and Juliet Eilperin)

A federal agency plans to impose new limits on California energy prices next week, according to senior government officials, a move that would offer President Bush and Republican lawmakers relief from an increasingly thorny political problem in the nation's largest state.

The Federal Energy Regulatory Commission plans to hold a special meeting Monday to take up possible solutions to California's power crunch. And officials said yesterday the leading proposal would control the wholesale price of electricity throughout the West around the clock.

Such a measure would expand a rule that applies only to California and only during the most severe power shortages. Gov. Gray Davis (D) has said the current program is shot full of loopholes and does not benefit consumers. Under the new proposal, the government would set a target price—generous enough to permit a profit for efficient producers—and companies would have to justify higher prices in writing, officials said.

The move comes as concern is growing among congressional Republicans that the Bush administration and its GOP allies were losing the political battle over California's energy crisis—and that it could affect the party's fortunes in next year's elections.

House Majority Whip Tom DeLay (R-Tex.) has assigned a team of Republicans to help deflect legislative attacks on Bush's energy policies, and has instructed members to deliver daily floor speeches defending the administration's plans. House Republicans took up Bush's broader energy bill—which focuses on stepping up production—in earnest yesterday in an effort to pass it by midsummer.

Congressional Democrats have been increasing pressure on the administration to address quickly the skyrocketing electricity prices and power shortages in Western states. Sen. Joseph I. Lieberman (D-Conn), the new chairman of the Governmental Affairs Committee, plans to hold a hearing Wednesday—two days after the commission meeting—to examine federal regulation of energy, and his main witness will be Davis.

House negotiations on a bipartisan emergency energy bill for California broke down last week just as Democrats were taking control of the Senate. In response, Rep. W. J. "Billy" Tauzin (R-La.), chairman of the Energy and Commerce Committee, and 14 other GOP lawmakers seized on a proposal by Rep. Doug Ose (R-Calif.) to make FERC's rules apply around the clock. Tauzin wrote FERC Chairman Curt Hebert Jr. to urge its adoption.

Hebert scheduled the unusual FERC meeting shortly thereafter. "Nobody would disagree with the urgency of the situation and the need for the commission to act promptly. We're working feverishly to do that," said Walter Ferguson, Hebert's chief of staff.

The commission, composed of three Republicans and two Democrats, is independent. Members are appointed by the president and confirmed by the Senate. Bush and key members of the commission have said repeatedly that they have ideological and practical objections to an absolute cap on

the wholesale price of electricity, which Davis has argued is the best way to prevent electricity from becoming unaffordable this summer.

Federal officials said the commission's less-stringent measure—"face-saving," Democrats called it—would help stabilize power prices while overcoming White House and commission members' objections to a cap.

"We aren't overly concerned that this will discourage generation like real price controls would," a White House official said. "A hard cap would be disaster. It would cause electricity generators to shut down."

Another White House official said that the administration would not take a formal position until the commission has voted and the details are clear, but added that the measure sounded acceptable "in theory."

"The president has been calling on the Federal Energy Regulatory Commission to be vigilant in making sure that illegal price gouging does not occur in California or elsewhere," the official said.

A California Democratic official said, "They realized they have been taking a beating on this issue, both in California and nationally. This is the equivalent of Bush saying, 'Uncle.'"

However, Davis said at a news conference in Sacramento that he remains "a doubting Thomas" about the prospects for dramatic action from the commission. "I've been fighting FERC for over a year," he said. "The federal government has not been doing its job. If they finally do, I'll say, 'It's about time, but thank you.'"

Sen. Dianne Feinstein (D-Calif.) said the measure being considered "would be a flexible price cap, set at the price of least-efficient megawatt of the least-efficient plant."

"Price mitigation appears to be a way to avoid using the words 'price cap' or 'cost-based rate,' which some members of FERC and the Bush administration find objectionable," Feinstein said. "I don't care what they call it, as long as they get the job done."

In April, FERC issued a price restraint plan that established cost-based price ceilings for generators selling wholesale power in the state, but limited the measure to power emergencies when California's available power reserves drop below 7.5 percent of demand. The order is credited with helping bring down California's electricity prices, which dropped below \$100 a megawatt hour statewide last week for the first time since the crisis began last autumn. Fuel conservation, milder weather and increased generating capacity also have played a part.

House Republicans, after the first hearing on Bush's energy package yesterday, held a closed-door meeting with administration officials and outlined an ambitious schedule for enacting it. According to participants, House panels would pass legislation over the next several weeks so the entire chamber could vote before the August recess.

The meeting in DeLay's office included more than a dozen House members as well as Energy Secretary Spencer Abraham, Interior Secretary Gail A. Norton and Environmental Protection Agency Administrator Christine Todd Whitman.

Much of the meeting focused on how the GOP could fight Democratic attacks more effectively. Abraham suggested Republicans could rebut the Democrats' arguments because they were based on "flimsy evidence," while DeLay argued his colleagues could not afford to be passive, sources said.

"We want a proactive message," DeLay told the group. "We want solutions, not rationing."

Democrats are convinced the GOP is politically vulnerable on the question of energy,

and they are determined to hammer away at the theme to boost their chances in next year's election. "The environment is an issue that could decide many swing congressional districts in 2002," said Rep. Edward J. Markey (D-Mass.), who questioned Abraham sharply yesterday during an energy and air quality subcommittee hearing.

The party has already run a series of radio ads on the energy crisis in the districts of several vulnerable members, and House Democrats now regularly hold news conference accusing the GOP as being beholden to special interests.

Staff writer Peter Behr contributed to this report.

#### SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

#### DISTURBING DEVELOPMENTS IN THE NAGORNO-KARABAGH PEACE PROCESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. PALLONE) is recognized for 5 minutes.

Mr. PALLONE. Mr. Speaker, I come to the House floor this afternoon to discuss some disturbing developments in the Nagorno-Karabagh peace process among Armenia, Azerbaijan and Nagorno Karabagh.

In April, the leaders of two of these nations, Armenia and Azerbaijan, met in Key West, Florida, and all indications were that they were getting closer to reaching a peace agreement. Despite such indications, Azerbaijan's president, Jeydar Ailyev, has effectively called a halt to the peace process, and now declares that Azerbaijan is "ready for war at any time it is needed".

Obviously, Mr. Speaker, this statement not only does not promote peace, but actually serves to increase tensions. If Azerbaijan's leader is serious about ending the conflict between his country and Armenia, he should stop catering to militant factions within his country. This conflict has been going on for over 10 years now and is being unnecessarily drawn out by Mr. Ailyev.

Mr. Speaker, the United States is one of the co-chairs of the Minsk Group, the body under the Organization for Security and Cooperation in Europe, the OSCE, charged with facilitating a negotiated settlement to this dispute. Besides the political investment in the peace process, our Nation also has a vested interest to bring about stability in this region.

In order to achieve this, Azerbaijan and Armenia must embrace greater economic integration, development of infrastructure and cooperation in other areas. This is the path that President Ailyev must be encouraged to follow. Indeed, the benefits to his country would be significant by opening his nation to substantially more trade, in-

vestment and assistance. However, any kind of economic cooperation between the two countries must begin with Azerbaijan lifting a decade long blockade on Armenia.

Mr. Speaker, section 907 of the Freedom Support Act makes the United States' position on this blockade very clear to Ailyev, and he has tried unsuccessfully to demand repeal. What section 907 does is to effectively limit some forms of direct American aid to Azerbaijan until that country lifts its blockades of Armenia and Karabagh. It is important to know that this law has no effect on humanitarian aid, democracy building measures, as well as OPIC, TDA and Ex-Im engagement.

Mr. Speaker, I would also like to strongly encourage Mr. Ailyev to drop the refusal to accept direct participation of representatives from Nagorno Karabagh in the negotiations. The Nagorno-Karabagh conflict is not only a bilateral dispute between Armenia and Azerbaijan. While these countries must obviously be part of the negotiations and the final settlement, the people of Karabagh, who have their own democratically elected government, must have a seat at the table. After all, it is their homeland and their lives that are at stake in this peace process. No one else should be allowed to make life and death decisions for them.

Armenia and Nagorno Karabagh have continued to reiterate their commitment to the peace process even in the face of stalling and the ongoing threatening comments coming from Azerbaijan.

These tactics are nothing new. In November of 1998, the OSCE submitted a comprehensive peace proposal to Armenia, Azerbaijan and Nagorno Karabagh. Despite serious reservations, both Armenia and Nagorno Karabagh accepted a peace proposal as a basis of negotiations. Azerbaijan summarily rejected it.

On June 14, 1999, the Azeri military attacked Karabagh's defensive forces along the Mardakort section of the Line of Conflict between Azerbaijan and Karabagh. Representatives of the OSCE, who visited the area, confirmed this act of aggression.

Mr. Speaker, Armenia's Foreign Minister, Vartan Osakian, said this past week that Armenia was ready to resume talks. He also urged Azerbaijan not to deviate from the "Paris principles", the understanding developed by the Armenian and Azerbaijani presidents during two rounds of talks in the French capital in January and March, and in Key West in April this year.

According to Ambassador Carey Cavanaugh, the U.S. representative to the Minsk Group, these negotiations have made real progress. He stated in an interview with the U.S. Department of State that both presidents felt that, after their last meeting, that substantial progress had been made that exceeded both their expectations.

Mr. Speaker, Armenia and Nagorno Karabagh are ready to settle this dispute. They have fully committed to

peace and have fully cooperated at every turn with OSCE representatives. They have taken risks for peace despite a decade-long blockade of their countries and frequent acts of Azerbaijani aggression.

I strongly urge President Ailyev, if he is serious about peace, to come back to the negotiating table, cease all calls for military action, and end the oppressive blockade against Armenia and Nagorno Karabagh.

#### PRE-AUTHORIZATION REQUIREMENTS OF THE STANDARD TRADE NEGOTIATING AUTHORITY ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. ENGLISH) is recognized for 5 minutes.

Mr. ENGLISH. Mr. Speaker, as the United States grapples with an historically large trade deficit, and many of our farmers and manufacturers face growing and cumulative competitive disadvantages in the international marketplace, the time has come for Congress to work with the administration on behalf of a stronger trade policy.

Clearly, the centerpiece of a new and more aggressive trade policy has to be new authority which allows our government to pursue trade agreements that level the international playing field for American workers and American products. Congress must act quickly and firmly to give our trade negotiators the authority they need to defend our interest and open distant markets to the creation of our sweat, ingenuity and freedom.

Last week, I outlined to the House the major provisions of my bill, H.R. 1446, the Standard Trade Negotiating Authority Act. At that time, I promised this House I would return and discuss at greater detail the major components of this bill.

Today, I would like to focus on the pre-authorization requirements. This section requires the President to consult with Congress and receive an affirmative vote to authorize the initiation of trade negotiations with any country or countries before proceeding with them. WTO negotiations, which are already authorized by existing agreements, would be exempt from this pre-authorization requirement.

Mr. Speaker, Section 8 of Article I of the Constitution specifically grants to Congress the authority to regulate commerce with foreign nations. Unfortunately, over the last several decades, Congress has almost entirely ceded the policy making initiative over this increasingly vital part of our national economy. Under Fast Track, we eliminated our oversight and opportunity to influence the outcome of potentially far-reaching agreements to one single up-or-down vote.

I believe this lack of input and transparency has led directly to the increasing controversy surrounding trade

agreements and the inability of the Nation to have an intelligent and conclusive discussion about trade policy.

For example, NAFTA was never contemplated during the Fast Track authorization then in existence. In 1988, when we last authorized Fast Track authority, NAFTA was not even discussed. But within a couple of years, NAFTA was brought back in toto for an up-or-down vote.

Likewise, the 1994 GATT agreement included changes to section 201 and 301 of our trade laws, the antisurge and antidumping provisions, without any prior discussion in Congress.

How then would the pre-authorization requirements of H.R. 1446 address these concerns?

First, Mr. Speaker, my bill provides ongoing authority for the President to negotiate any trade agreement, providing first that he receives approval from Congress in the form of a vote to specifically authorize that negotiation along with its scope and its objectives.

This means that each negotiation can be considered under its own merits and provides for a systemic review by the Congress while there is still some time to affect the outcome.

There will be no more surprises, not for us, and more importantly not for the people we represent.

Under this legislation, 90 days before entering into trade negotiations, the President would formally notify Congress of his intention to proceed. The International Trade Commission would also be required to complete an assessment of the potential impact of the agreement on the U.S. economy.

Legitimate labor and environmental concerns would find voice in this process through the establishment of a Commission on Labor and the Environment. The Commission would issue a report to Congress and the President laying out specific concerns and negotiating objectives prior to the vote by Congress on pre-authorization.

This careful review process allows the Congress to deal with the reality that not all proposed negotiations are created equal.

It is certainly the case that a bilateral trade agreement with Australia would raise very different issues and different concerns than one with Egypt or Laos.

Hemispheric trade proposals may raise labor and environmental concerns which have no relevant place in a negotiation involving financial services or competition policy.

For these reasons, our negotiating strategy and goals must be flexible if we are to maximize the opportunities before us. The law should recognize this reality while still remaining true to our constitutional obligations as a Congress.

Some may attack this proposal because it would require two votes by Congress, not just one, one before a negotiation and one to approve the final agreement. I say so much the better.

The government should speak plainly and honestly to our citizens. Our trade

policy should be shaped in direct consultation with working families throughout the United States, speaking through their elected representatives.

Goals and objectives should be spelled out. Details matter. If we want to restore the faith of Americans in trade agreements, we must be forthright in spelling out our objectives, and we should have nothing to hide.

Pass this legislation and give the administration the authority they need.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 5 minutes.

(Mr. DEFAZIO addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. HORN) is recognized for 5 minutes.

(Mr. HORN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

#### TROUBLE IN THE PHILIPPINES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Guam (Mr. UNDERWOOD) is recognized for 5 minutes.

Mr. UNDERWOOD. Mr. Speaker, I want to draw the House's attention today to the events that are unfolding in the Philippines, an area that is only 3 hours by flying time to my home island of Guam.

I am troubled by the recent events unraveling in the Philippines in regards to the allegations that the Abu Sayyef, a band of separatists from the southern Philippines, have kidnapped and have killed an American, this is still unconfirmed, and are holding some 20 more people, including two other Americans, as hostages.

I happened to be in Manila on an official visit over the Memorial Day recess when this tragedy occurred. As the lead official from the U.S. at the time in the Philippines, I participated in a number of meetings which were designed to try to help deal with the crisis as well as many other issues that were affecting Philippine-U.S. relations.

Today, I would certainly urge each and every American to continue to support President Gloria Macapagal-Arroyo in her heroic and courageous efforts during this very tense standoff. She has made it clear up till now that

she intends to stand firm and not pay any ransom for this most recent rash of kidnappings in her country.

The United States and the Philippines have a very long and proud history of friendship and cooperation, although not always in agreement on each and every issue, thus punctuating the need to continue to work closely with the Philippines in helping them resolve this internal crisis.

I understand that the new administration's, President Bush's administration, strategy review is expected to cast the Asian Pacific region as perhaps the single most important region for military planners. I cannot agree with this renewed focus more. Of course it will bring more attention, not only to my home island of Guam, but to our relationship with the Philippines.

While in Manila, I met with President Arroyo, participated in a series of discussions with Vice President Guingona, who is also concurrently the Secretary of Foreign Affairs, about the implementation of the visiting forces agreement between the U.S. and the Philippines which was formulated in 1999.

□ 1415

This positive step forward hopefully will revive and reinvigorate the security relationship between our two countries, which has declined following the U.S. withdrawal from the military bases there in 1992.

I also drew attention to some of the cleanup issues that are remaining from Clark Air Force Base and Subic Bay Naval Station, formerly U.S. sites, which I also visited. I think it is important that we have a clear understanding of the problems that continue to exist. Last month, the House passed my amendment to the foreign relations authorization bill, which encourages a nongovernmental study to examine environmental contamination and any health effects emanating from these former U.S. facilities. I want to make clear that the United States is not legally required to provide cleanup, but we continue to have a moral obligation to at least investigate and do what we can.

A new study on May 14 by the RAND organization entitled "U.S. and Asia—Toward a New U.S. Strategy and Force Posture" reinforces the current administration's thinking by outlining the importance of an engaged United States in the Asia-Pacific theater. This study argues that the U.S. engage in new relationships with the Philippines and with Guam. Specifically, the study reports that the U.S. should expand cooperation with the Philippines and that the Philippines may present an interesting opportunity to enhance Air Force access in the western Pacific. I could not agree any more with that study.

The Philippines is an important country to the United States, not only because of our long historical relation-

ship but because of our new strategic posture and challenges that we face in this century. I urge all House Members to consider this information and to consider this important piece of our puzzle, our strategy puzzle, in the Asia-Pacific region.

The SPEAKER pro tempore (Mr. ISSA). Under a previous order of the House, the gentleman from Minnesota (Mr. GUTKNECHT) is recognized for 5 minutes.

(Mr. GUTKNECHT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

(Ms. JACKSON-LEE addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. ROEMER) is recognized for 5 minutes.

(Mr. ROEMER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. HULSHOF) is recognized for 5 minutes.

(Mr. HULSHOF addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

#### PRESIDENT PROPOSES TO CEASE LIVE COMBINED ARMS TRAINING ON VIEQUES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BUYER) is recognized for 5 minutes.

Mr. BUYER. Mr. Speaker, I am disappointed to come to the well today to learn that President Bush is proposing to cease live combined arms training on the Puerto Rican island of Vieques by 2003. In short, the President and his administration are ignoring the issue of military readiness and national security.

In opinion editorials, congressional testimony and official DOD press releases, the Commandant of the Marine Corps, General James Jones, and the former Chief of Naval Operation, Jay Johnson, repeatedly stressed to the Clinton administration the importance of combined arms training at Vieques. Their simple and continued message has been very clear: "Without Vieques, the Second Fleet cannot train, evaluate, or certify Battle Group/Amphibious Ready Group teams for combat operations."

In fact, Admiral Johnson testified in a hearing in 1999 that "Vieques is not only the sole training facility on the East Coast that offers crucial combined

live arms training, the range also serves as a model for the world because it offers the ability to conduct actual time synchronization of air, ground, surface, and subsurface components with live ordnance."

Even former President Clinton's special panel on military operations on Vieques concluded that "the separation of certain aspects of current training into their component parts cannot replicate the ideal solution that has been available by the integration of all operational activities at Vieques."

Meanwhile, it appears that this decision will and could perhaps put American men and women at risk in the future. Why? Because it denies them the necessary combined arms training needed to succeed in combat operations. From World War II through our most recent crisis in Kosovo, our Nation's military has been able to meet our Nation's call to arms because of the preparation we afford them at training ranges all over the world but in particular here at Vieques. History has taught us the success or failure of our Nation's military and the risk of loss of life is a direct function of the preparation we afford them prior to combat. Closing the Vieques training range will result in a significant loss of critical combat training, which is essential to our Navy and Marine forces.

Whether it was the Gulf War, that I participated in, or other military operations, we are beginning to dull our own Nation, as if we can place our men and women at risk and somehow, if we are able to conduct these operations with standoff weapons, that there will be no risk of life. We should fall upon our knees and thank the military leaders, those tough NCOs that are out there, those master sergeants, those lieutenants and company commanders who are doing the tough training, because that is what saves lives on the battlefield. And when they train on the ground, it has to be coordinated not only from the sea but also from the air for a combined operation.

I was on the island of Vieques. They need to be able to land the Marines, and the Marines landing need to be able to call in; whether it is naval gunfire, whether it is artillery, or whether calling in from the ship to air, the air to land, but all coordinated on one point. Why? To increase the lethality. Now that sounds brutal, but what is fighting our Nation's wars about? It is bringing lethality to a particular point in time so we can win on the battlefield.

So I am very disappointed that someone down at the White House or others have made judgments without being very good listeners to our military planners, and I appeal, I appeal to the administration to rethink what they have done here. There is absolutely no substitute for training with live ammunition. Do not succumb to the temptation that live fire combined with arms training on Vieques can be duplicated elsewhere or overemphasize simulation

technology. While simulation is valuable training, our servicemen and women will ultimately be playing Nintendo and think that that is war.

Finally, Mr. Speaker, let me remind the President of the United States, this Congress, and the American people about the essence of combat operations. In short, combat is to close with and destroy the enemy by firepower and maneuver and/or close combat. This applies to all aspects of military operations, whether it is air, whether it is on land, or whether it is sea. It is dirty, it is ugly business, and war fighting requires the confidence and ability to handle live fire.

#### FATHERHOOD RESOLUTION

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Indiana (Ms. CARSON) is recognized for 5 minutes.

Ms. CARSON of Indiana. Mr. Speaker, I have introduced today a resolution to promote responsible fatherhood for Father's Day.

Ms. JACKSON-LEE of Texas. Mr. Speaker, will the gentlewoman yield?

Ms. CARSON of Indiana. I yield to the gentlewoman from Texas.

Ms. JACKSON-LEE of Texas. Mr. Speaker, in addition to supporting the great efforts of the gentlewoman from Indiana, I would like to be able to acknowledge that we are filing today H. Res. 166 that will commemorate and thank all of the valiant heroes and volunteers in the city of Houston and surrounding areas through Tropical Storm Allison.

Might I say, Mr. Speaker, that these volunteers deserve this recognition. They are still out on the battlefield fighting, and there are those who are still suffering as well as those who have lost their lives. We will honor these volunteers with H. Res. 166, signed by a large number of the members of the Texas delegation, and thank them for the valiant effort they performed during Tropical Storm Allison.

And I thank the gentlewoman from Indiana for yielding to me, Mr. Speaker.

Ms. CARSON of Indiana. Mr. Speaker, I wish to let the gentlewoman from Texas know that my heart goes out to her and all the people who were affected by that devastating flood situation in her district.

Mr. Speaker, I have introduced a resolution to promote responsible fatherhood on behalf of Father's Day. Twenty-nine members of the Congressional Black Caucus, including the gentleman from Illinois (Mr. RUSH), have joined me as cosponsors of the resolution.

In introducing the resolution, Mr. Speaker, we aim to raise the awareness of the importance of fathers being involved in the lives of their children. I understand that all men are not dead-beat dads, some men are simply dead broke. I am probably one of the very few Members of Congress who knows personally what it is like to grow up in

a home without a father. My experience growing up fatherless is what has stirred my passion to become a leader in this movement.

Fatherlessness affects our children in more ways than we can count, preventing our children from fully reaching the potential we know they have within. While there are millions of fathers who actively support their children, there are many others who do not due to financial or social circumstances. Many absent fathers are part of the working poor and may wish to aid their children but simply cannot financially.

The goal of the fatherhood resolution is to promote responsible fatherhood, the emotional and financial support of one's children. In wishing all of God's children, all of our Father's children, a happy Father's Day, which is coming up on Sunday, I wanted to call my colleagues' attention to the promotion of this effort, of the bill that we have in, H.R. 1300, which would authorize block grants to fund programs at the local and State level, nonprofit organizations, et cetera.

The Responsible Fatherhood Act of 2001 has already garnered broad bipartisan support in both the House and the Senate, and I would encourage my colleagues to cosponsor this bill to provide men with the tools and the resources necessary to become responsible fathers.

Mr. Speaker, I offer my Happy Father's Day to you too.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. PENCE) is recognized for 5 minutes.

(Mr. PENCE addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

#### MISSILE DEFENSE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. HUNTER) is recognized for 5 minutes.

Mr. HUNTER. Mr. Speaker, I thought I would take the well and talk a little bit about the hearing that we held today in the Subcommittee on Military Research and Development of the House Committee on Armed Services concerning the issue of missile defense.

What we did today, Democrats and Republicans, is talk to General Kadish, who heads the missile defense program for this administration, for this Nation; and we talked specifically about tests: where are we, what have we done, what works, what does not work, and where do we need to go.

One thing that General Kadish led with, which I thought was very important for Americans to understand, is that we have made progress and that we have accomplished some very important things for America. The first one goes back to the killing of 28 Americans in the Desert Storm oper-

ation when Iraqi scud missiles, which are ballistic missiles, they go about 50 percent faster than a 30.06 bullet, came in and hit a concentration of American troops, resulting in 28 deaths. We fired back as much as we could with the then Patriot missile system. At the end of that conflict, we had MIT come in and analyze whether or not we had gotten any of those missiles. One of the experts from MIT said he did not think we got any. The Army said they thought we got about 80 percent, they were not sure, but that we did have some problems.

Well, since that time, since the early 1990s, during Desert Storm, we have developed a missile defense system, now called PAC-3, the Patriot 3 missile defense system, which can shoot down on a regular basis, on a consistent basis, on a reliable basis, those incoming scud ballistic missiles. We have now had eight tests, and every one of those eight tests has intercepted.

I hear a lot of folks talking about whether or not we can hit a bullet with a bullet, because it sounds so impossible. Well, a bullet from one of our Capitol Hill policemen, a 38 bullet, for example, goes about 1,200, 1,400 feet per second. A scud missile goes maybe 7,000 feet per second. That is a scud ballistic missile. So it goes as much as four to five times as fast as some bullets. And even if we take a very high velocity bullet, a big-game rifle or a rifle that one would use on the battlefield, like a 30.06 that goes about 3,000 feet per second, a scud missile even goes about twice as fast as that bullet.

□ 1430

And the Patriot missile system that we fire at that thing, goes in excess of 4,000 feet per second. So both the target missile, that is the ballistic missile, and the missile that we shoot up to knock it down, go faster than a bullet. And eight times in our tests, we have successfully hit a bullet with a bullet.

What does that mean. Well, it means to Americans who are thinking, as they sit around the breakfast table with their family and child who may join the armed services and be stationed in the Middle East or on the Korean peninsula, it means that this country, in response to the missile threat, working as hard as it can in developing technology as quickly as possible, has developed a defense, at least against these scud missiles that are being proliferated around the world, which we are apt to see in a conflict in the near future.

It means when you have a base camp with a Marine expeditionary unit filled with 19- and 20-year-old kids from all of the farms and cities of this country or a part of the 101st Air Mobile Brigade out of Fort Campbell, Kentucky or an Air Force unit stationed somewhere enforcing the no-fly zone, it means if our adversaries launch a ballistic missile, that is a pretty slow ballistic missile as they go, but still as fast as a bullet, if they launch a scud missile attack at that contingent, our PAC-3,



our Patriot 3 system which we are now in the business of fielding, we have tested it, would be able to handle that attack and allow our young men and women to come home alive.

So we established that. Now, General Kadish, having established that, showed the members of the Committee on Armed Services the footage of a number of tests that we have made. He said, We have missed some; and we have hit some. He laid out a program that we need to undertake in the next 5–10 years to develop a capability that is better and better. We are moving ahead. We are going to have robust testing. We are going to defend America.

#### FATHER'S DAY IS ABOUT MORE THAN PRESENTS

The SPEAKER pro tempore (Mr. ISSA). Under a previous order of the House, the gentlewoman from the District of Columbia (Ms. NORTON) is recognized for 5 minutes.

Ms. NORTON. Mr. Speaker, all over America we are hearing the words, "Happy Father's Day." I come to the floor this afternoon to remind America that Father's Day is about more than presents. What are the children without fathers to do?

Fully a third of our children in our country are without fathers, being raised by one parent, usually a woman. The numbers are increasing at an alarming rate. The only thing harder than raising children is one parent raising children. Often that is the case today. If there are one-third of children without fathers today in the home, in the African American community that number is two-thirds.

The results are appalling to family formation. Chronic joblessness among black males, disproportionate numbers in prison which keep family formation from occurring in the usual way, led me to search for answers. I have been involved in a number of activities, and the most recent was inspired by the Million Man March in 1995. I was concerned that something concrete should come out of this march to capture the energy of almost a million African American men coming to Washington to indicate they were going to do something about reconstruction of their communities and of black family life itself.

Yet when they went home and said what am I to do, well, some in fact found lots to do. But for the average unaffiliated black man, there was nothing to capture that energy.

Mr. Speaker, I believe that government and business and unions and communities ought to have a response so that this energy could be used to the highest and best effect. I conceived the idea of a commission on black men and boys that would allow black men and boys in the District of Columbia to get together to indicate what to do and how to do it. Recently we received funding from the Department of Labor.

This commission, set up in the District of Columbia, will be holding hearings; will identify available sources of government and community and private assistance for black men and boys in the District of Columbia; and will point out what the successes are and what the needs and gaps are. The point is it is not another study, ladies and gentlemen. We know the problem is acute. This is an opportunity to get down to brass tacks, tackling one of the great problems in our country which is fatherlessness, one-parent homes in the African American community, rapidly spreading throughout the United States.

George Stark, the former Redskins offensive lineman, is the chair. We have one of our former police chiefs on the commission, the president of the District of Columbia student body, a high school representative, and other men in the city who have been involved in the activities of black men and boys.

The most important manifestation of the accumulated difficulties of African American men is the failure to form families and extraordinary patterns of family disillusion. This is a frightening trend that is traced to an essential actor in the African American community: the black male. We cannot do without him. Black feminists like me have been able to draw attention to what has happened to the women raising these children alone, what happens to girls who get pregnant when they are teens. We are bringing that down. It is time to focus on the black man, the other essential actor.

When we do so, we can halt this frightening trend which is already having domino generational effects that endanger the children of the African American community. Further delay in bringing a strong, concentrated focus on black men and boys before they become men quite simply threatens the viability of the African American community as we have known it historically in our country from slavery to this very moment.

We hope that our own Commission on Black Men and Boys here in the District of Columbia will serve as a model for what other communities can do to bring a focused attention led by black men and boys themselves on an urgent problem in the African American community and in America at large.

#### REBUILD MILITARY TO ENSURE THAT FREEDOM AND NATIONAL SECURITY ARE PROTECTED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. JONES) is recognized for 5 minutes.

Mr. JONES of North Carolina. Mr. Speaker, the gentleman from California (Mr. HUNTER) was on the floor just a few minutes ago talking about missile defense systems and the need for missile defense systems.

I would like to speak today about some of the activities of China selling

military wares to Cuba. In my district, and I have the privilege to represent the third district of North Carolina, we have Camp Lejeune Marine Base, Cherry Point Marine Air Station, Seymour Johnson Air Force Base, and actually a Coast Guard base in Elizabeth City. I am proud to represent a district where there are so many men and women in uniform that are willing to die for this country; and certainly those who are retired, veterans and retirees, I thank them for their service.

I am concerned that too many times we in this country take our freedoms for granted, and that is somewhat normal. But having a military district and being on the Committee on Armed Services, along with the gentleman from California (Mr. HUNTER), I am concerned that too many times we, as Americans, take freedom for granted. This is a very unsafe world we live in. There is a need to spend money to rebuild the military to ensure that the freedoms that we enjoy and the national security of this Nation, that we are well protected.

I want to bring up a couple of points. This is a Washington Times article from Wednesday, March 28, 2001. Admiral Blair was speaking to the Senate Committee on Armed Services, and he warns of perilous buildup of Chinese missiles. I want to read this quickly.

Mr. Speaker, the commander of U.S. forces in the U.S. Pacific told Congress yesterday that "'China's ongoing missile buildup opposite Taiwan is destabilizing, and will lead to a U.S. response unless halted. Over the long term, the most destabilizing part of the Chinese buildup are the immediate-range and short-range ballistic missiles, the CSS-6's and 7's, of the type that were used in 1996 to find the waters north and south of Taiwan," said Admiral Dennis Blair, the Pacific commander leader."

I wanted to share that, Mr. Speaker, because again I think that we as a Congress understand our constitutional duties, and that is to ensure that we have a strong military.

Tuesday of this week another one of our colleagues, the gentleman from Pennsylvania (Mr. PITTS), who is a veteran of the Vietnam War, came on the floor talking about China selling military materials to Cuba. I wanted to come to the floor with this enlargement of the Washington Times article that he made reference to that says China is secretly shipping arms to Cuba, and just again to say to my colleagues in the House as well as the Senate, soon we will be debating an emergency supplemental for our military. I think it is \$5.8 billion, I wish it were closer to \$9 billion, but we will debate that issue later.

This is an unsafe world, and we must be sure that we are well prepared to defend the national security interests of this country because as we all went back on Memorial Day to pay homage to those who have given their life as well as to those who have served, we



must always remember that freedom is not free; and to ensure that we have the freedoms that we enjoy, we must continue to invest, as the gentleman from California (Mr. HUNTER) was saying, in a missile defense system.

And I am saying today, as have many of my colleagues on both sides of the aisle, and the gentleman from Missouri (Mr. SKELTON) has been on the floor talking about this issue, he is the ranking member of the Committee on Armed Services, this year we must be sure that we work with a President who campaigned and said that we need to rebuild the military.

Mr. Speaker, I thank the men and women in uniform; and I say respectfully, God bless America, and God bless those who served this Nation.

#### CONGRESS NEEDS TO ADDRESS DRUG ABUSE AND DRUG ADDICTION PROBLEMS IN AMERICA

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Maryland (Mr. CUMMINGS) is recognized for 60 minutes as the designee of the minority leader.

Mr. CUMMINGS. Mr. Speaker, as I listened to the last speaker talk about our national defense, and I certainly agree that we must do everything in our power to make sure that our country is safe, I come before the House this afternoon to address another issue that certainly goes to our national defense. It is one that if we are not careful to address from many different angles, we will find that it will erode our country from the inside.

Mr. Speaker, that is the subject of drug abuse, drug addiction, how to address this problem in this new century.

Just a few weeks ago, President Bush announced his nominee for director of the National Drug Control Policy Agency. As ranking member of the Subcommittee on Criminal Justice, Drug Policy and Human Resources and one of the representatives of Baltimore, a city plagued by drugs and its related social ills, I must stress to my colleagues the importance of drug treatment and the significant role it plays in our national drug control policy.

I appreciate the fact that President Bush and the nominated ONDCP director, John Walters, both of them have affirmed their commitment to increased funding for drug treatment and prevention.

□ 1445

I look forward to reviewing their proposals. We must work together to ensure that drug treatment dollars spent are spent effectively and efficiently and that they work to save lives, families and eventually entire communities.

Drug addiction is a disease that poses a serious national public health crisis which requires a strong Federal response. If we do not act now, a whole

new generation of Americans will be exposed to the high social, economic and health costs associated with addiction. In this Nation today, the annual economic cost of drug abuse and dependence in loss of productivity, health care costs and crime have been estimated at \$256 billion. Before I discuss how drug treatment works to address the crisis, I must first outline the impacts drugs have had not only on my City of Baltimore but also on this Nation as a whole. In many instances, it disproportionately targets minorities.

Like many communities in our Nation, Mr. Speaker, Baltimore, Maryland and its populace have suffered from the ill effects of drug addiction and its related crime. The low price, high purity and availability of heroin in the city have had a dramatic impact on the city's population. According to the Drug Enforcement Administration, one out of eight citizens of the City of Baltimore is addicted to drugs. They spend an estimated \$1 million a day on illegal drugs in the city. In 1998, 252 of the 401 heroin overdoses documented in Maryland occurred in Baltimore City. Baltimore is ranked second in the rate of heroin emergency room incidents and, as in many urban areas, illegal drug activity and violent crime have gone hand in hand. Open air drug markets in areas that are known for drugs are not only havens for drug dealers, users, customers and criminals, but are also hot spots for violent crime. It is estimated that more than 70 percent of crimes are committed by individuals that are under the influence of drugs.

The Baltimore-Washington region has been designated as a High Intensity Drug Trafficking Area, better known as a HIDTA. Established in 1994, it is one of the 28 antidrug task forces established and financed by the White House's Office of National Drug Control Policy. The Baltimore police department estimates that 40 to 60 percent of homicides are drug-related. Baltimore has endured 10 straight years of more than 300 homicides each year, making it the fourth deadliest city in the United States. I am pleased to say that the year 2000 marked the first time in 10 years our murder rate was below 300.

The city has made tremendous strides in this area. I strongly believe that drug treatment must be made more widely available to low-income users without the prerequisite of arrest and involvement in the criminal justice system. Sadly, low-income drug users are more likely to become involved in the criminal justice system due in part to the shortage of treatment options available to them. Given this shortage, in many inner city areas, drug abuse is more likely to receive attention as a criminal justice problem rather than a social/health problem.

A recently released 3-year study by the National Center on Addiction and Substance Abuse at Columbia University, entitled "Shoveling Up: The Im-

pact of Substance Abuse on State Budgets," reveals that in 1998 States spent approximately \$81.3 billion on substance abuse addiction, 13.1 percent of the \$620 billion in total State spending. Of each dollar, 96 cents went to shovel up the wreckage of substance abuse and addiction; only 4 cents to prevent and treat it. The study looked at 16 areas of State spending, including criminal and juvenile justice, transportation, health care, education, child welfare and welfare, to detect how States deal with the burden of unprevented and untreated substance abuse. They found that the \$77.9 billion was distributed as follows: \$30.7 billion to the justice system, \$16.5 billion for education, \$15.2 billion for health care, \$7.7 billion for child and family assistance, \$5.9 billion for mental health and developmental disabilities, \$1.5 billion for public safety. According to the study, States spend 113 times as much to clean up the devastation that substance abuse visits on children as they do to prevent and treat it.

The study reports that the best opportunity to reduce crime is to provide treatment and training to drug and alcohol abusing prisoners who will return to a life of criminal activity unless they leave prison substance free and upon release enter treatment and continuing aftercare.

Although the State of Maryland is making strides, I believe that we can do more. According to the CASA report, 10.2 percent of the budget is spent on the highlighted programs that deal with societal effects of drug addiction, while only .03 percent is spent on prevention, treatment and research. That means for every substance abuse dollar spent in the State, a mere 3 cents is used for treatment. We can do better.

I am pleased to note that the State of Maryland's drug treatment funding has risen. In fact, Governor Parris Glendening has proposed a \$22 million increase in the State funding for drug treatment in the next fiscal year, of which more than one-third will go to Baltimore, where it is desperately needed.

Nationally, over 50 percent of all crimes are committed by individuals under the influence of drugs. The National Institute of Justice's ADAM drug testing program found that more than 60 percent of adult male arrestees tested positive for drugs. The National Center on Addiction and Substance Abuse at Columbia University found that 80 percent of men and women behind bars, approximately 1.4 million, are seriously involved in alcohol and other drug abuse. States estimate that 70 to 85 percent of their inmates need some kind of substance abuse treatment. Less than 20 percent of the inmates receive treatment while in prison.

Although drug use and sales cut across racial and socioeconomic lines, law enforcement strategies have targeted street-level drug dealers and users from low-income, predominantly minority, urban areas.

Unfortunately, this law enforcement tactic has disproportionately and unfairly affected black men. The rate of imprisonment for black men is 8.5 times the rate for white men. Over the last 10 years, black men's rate of incarceration increased at a 10 times higher rate than that of white men. If the current rate of incarceration remains unchanged, 28.5 percent of black men will be confined in prison at least once during their lifetimes, a figure six times that of white men. Black women are incarcerated at a rate of eight times that of white women. The increasing rate of incarceration in general has had a magnified effect on the black population.

Current laws regarding mandatory minimum sentencing are biased at all stages of the criminal justice system. These laws have had a devastating effect on black and Latino communities. The issue can be addressed by ending the disparity between crack and powder cocaine sentencing. The powder form of cocaine that is preferred by wealthier, usually white consumers, requires 100 times as much weight and an intent to distribute to trigger the same penalty as the mere possession of crack cocaine. In 1986, before mandatory minimums instituted this sentencing disparity, the average sentence for blacks was 6 percent longer than the average sentence for whites.

Four years later following the implementation of this law, the average sentence was 93 percent higher for blacks. Possession of crack cocaine, which is prevalent in the African American community, is subject to mandatory minimums. Methamphetamine, which is prevalent in the Hispanic community, receives mandatory minimums. However, for Ecstasy and powder cocaine, which we know are prevalent in the white community, there are no mandatory minimums. We need to establish fair and less racially divisive and polarizing sentencing guidelines.

In reviewing these issues and learning the facts about drugs and crime and their related effects on livable communities, I decided to further explore this issue to identify the problems and what I could do as a Federal legislator to fix them. In March of last year, I requested that the Subcommittee on Criminal Justice, Drug Policy and Human Resources hold a hearing in Baltimore entitled "Alternatives to Incarceration: What Works and Why?" The proliferation of drugs in my city has led to an increase in violent crimes, the creation of profit motivated drug gangs and an increase in the prison population. The combination of these elements has led to the destruction of many of Baltimore's youth, families and communities and has been at epidemic levels far too long.

Programs that combine drug treatment, social services, and job placement are frequently discussed as alternatives to incarceration and as tools in reducing the recidivism rate among of-

fenders. The hearing gave us the opportunity to explore such alternatives in an effort to combat the growing societal cost of drug abuse and criminal activity. Witnesses included the chief of police, political leaders, policy experts and treatment graduates. We learned about a program called the Drug Treatment Alternative to Prison program, better known as DTAP. This program, run by the Kings County, New York district attorney's office, combines drug treatment, social services and job placement. It has saved lives and reduced criminal justice problems, health and welfare costs. With adjustments, I believe that this program could go a long way toward assisting nonviolent offenders to getting on the right path.

Maryland's Great Disciple program initiative is another successful alternative that was discussed during the hearing. The Great Disciple program uses drug testing, treatment and escalating sanctions for failed or missed drug tests to reduce recidivism. The program has cut in half the rate of failed drug tests during the first 60 days of supervision and lowered the probability of rearrest by 23 percent during the first 90 days.

Diversion programs like DTAP and BTC work on the premise that with treatment, social services and job placement, offenders return to society in a better position to resist drugs and crime. Such programs lower the costs associated with incarceration, public assistance, health care and recidivism. Further, they produce taxpayers that can make positive contributions to society.

I am well aware that there is no simple solution to combating this crisis. However, I believe that this hearing provided myself and the chairman of the Subcommittee on Criminal Justice, Drug Policy and Human Resources with additional perspectives on how to uplift offenders, eradicate drug-related crime and substance abuse and ultimately revitalize communities in Baltimore and nationwide.

Since that hearing, the gentleman from Florida (Mr. MICA), chairman of the Government Reform Subcommittee on Criminal Justice, Drug Policy and Human Resources introduced, and the House passed, H.R. 4493, which seeks to establish grants for drug treatment alternative to prison programs administered by State and local prosecutors.

□ 1500

On September 14, 2000, during the Congressional Black Caucus Foundation's 30th annual legislative conference, I hosted an issue forum entitled "Fighting the Drug War: Reclaiming Our Communities." The forum featured a viewing of the motion picture "The Corner." It is a six-part miniseries based on the true story of a family in Baltimore, Maryland, and their struggle with drug addiction and the societal and economic effects of drugs in their community.

The film put a human face on the percentages, facts and figures you have heard about this afternoon. It provided a starting point for our discussion of real people, real issues and real lives. The panel included Dr. Donald Vereen, former deputy director of the Office of National Drug Control Policy, Dr. Peter Beilenson, health commissioner of Baltimore, Mr. Gus Smith, father of Kemba Smith, a student who has been incarcerated 24 years with no parole because of current mandatory minimum sentencing laws. I have already discussed issues related to mandatory minimums and racial disparities in sentencing. I am pleased, however, that prior to the end of his last term, President Clinton commuted her sentence. Mr. Charles "Roc" Dutton, Baltimore native and director of "The Corner," was also a part of the panel.

The panel was moderated by Ms. Cherri Branson, former Democratic staffer of the Committee on Government Reform Subcommittee on Criminal Justice, Drug Policy, and Human Resources. Among the various discussion points, those that clearly resonated included the need to address drug problems as a health issue, rather than a criminal justice issue, the treatment gap, and "The Corner."

Many in the audience felt that "The Corner" helped them to understand what drug-addicted persons face on a day-to-day basis. Mr. Dutton spoke eloquently about his experience directing "The Corner," the HBO miniseries about the life in Baltimore's most drug infested neighborhoods.

One day, while Mr. Dutton's film crew was on location in west Baltimore, they heard the unmistakable sound of gunfire. The police officers who were providing security for the filmmakers raced off to the crime scene. When they returned 20 minutes later, they reported that a young man was lying dead in a nearby alley. Two young boys from the neighborhood overheard the police report, and one suggested that they run down the street to see the dead man. "No," the other replied, "we see that stuff every day. Let's stay and watch them make the movie."

Mr. Dutton's account of real life on "The Corner" reveals two of the most chilling side effects of our national drug epidemic. While too many of our young people are dying or living destroyed lives, younger children are becoming so hardened by the carnage that they may never enjoy the innocence of childhood.

We can begin to save young lives by understanding that it is within our power to restore the local economies and social fabric of even our most drug devastated neighborhoods. We need only to apply the necessary will, commitments, and resources to this task.

I am convinced that we can prevail in gaining adequate funding for drug treatment, because the crisis we face is not limited to poor African Americans hanging out on the Nation's urban

street corners. Americans everywhere now realize that drugs are one of their biggest problems, too.

In Baltimore we are witnessing a growing grassroots movement that is leading the way toward reversing that appalling distinction. Within the historic East Baltimore Community Action Coalition, the Edmondson Community Organization and Project Garrison, private citizens are combining their personal commitment and their understanding of local drug problems with financial assistance from the United States Department of Justice's Weed and Seed Program and private foundation backing. As a result, these communities are now better able to reclaim their neighborhoods from drug addiction, even as they reclaim their streets from the drug dealers. They understand, as Charles Dutton observed during our Washington forum, that if we want to protect our children, we must do it ourselves.

The statistics, the hearing and the issue forum I have just discussed all point to one important reality: treatment works. Studies show that prevention and treatment programs effectively reduce alcohol and drug problems, but such programs are severely underfunded.

A recent SAMHSA study found that only 50 percent of the individuals who need treatment receive it. Nevertheless, prevention, treatment, and continued research are our best hope for reducing alcohol and drug use and their associated crime, health, welfare and social costs. The 1997 National Treatment Improvement Evaluation Study found that sustained reductions in drug use and criminal activity increased employment and decreased welfare dependence among 5,700 individuals 1 year after they completed treatment. Employment increased by 20 percent and welfare dependence decreased by 11 percent. Crack use decreased by 50 to 70 percent, and heroine use by 46.5 percent. Homelessness decreased by more than 40 percent.

Women's treatment programs show real success. Overall, 95 percent of the children born to women in treatment are born drug free. According to the 1996 data for the Center for Substance Abuse Treatment, Pregnant and Postpartum Women and Infants Program, after treatment 86.5 percent of children were living with their mothers.

Drug treatment means crime reduction. A 1997 National Treatment Improvement Evaluation Study found that with treatment, drug selling decreased by 78 percent, shoplifting declined by 82 percent, assaults declined by 78 percent. There was a 64 percent decrease in arrests for crime, and the percentage of people who largely support themselves through illegal activity dropped by nearly half, decreasing more than 48 percent.

Drug treatment within and outside the criminal justice system is more cost efficient in controlling drug abuse

and crime than continued expansion of the prison system. Three-fourths of arrestees test positive for drugs. Only 22 percent have ever been treated for substance abuse. In prison, treatment is only available for 18 percent of inmates.

The Rand study concluded that spending \$1 million to expand the use of mandatory sentencing for drug offenders would reduce drug consumption nationally. Spending the same sum on treatment would reduce consumption almost eight times as much.

When we discuss ensuring that our Nation's citizenry has effective and efficient treatment, a cost-benefit analysis is important. For every penny invested in drug treatment, society saves one penny in stolen and damaged property, one penny in victim injuries and lost work, one penny in police and court costs, one penny in jail and prison costs, one penny in hospital and emergency room visits, one penny in preventing infectious diseases and one penny in child abuse and foster care.

According to the California Drug and Alcohol Treatment Assessment, treated substance abusers reduced their criminal activity and health care utilization during and in the years subsequent to treatment by amounts of over \$1.4 billion. About \$209 million was spent providing this treatment, for a ratio of benefits to costs of 7 to 1.

As I speak of Baltimore, I cannot fail to mention our dynamic health commissioner, Dr. Peter Beilenson, trained at Johns Hopkins University. He has served as a key source of information for me and my staff regarding the extent of the drug abuse and addiction in the city of Baltimore.

In March of last year, Dr. Beilenson had an editorial placed in the Baltimore Sun entitled "How \$40 million more can aid addicts."

Mr. Speaker, I will place this editorial in the RECORD.

[From the Baltimore Sun, March 6, 2000]

HOW \$40 MILLION MORE CAN AID ADDICTS

(By Peter L. Beilenson)

The Consequences of Baltimore's drug problem are well-known: 75 percent to 90 percent of all crimes committed in the city are drug-related and 80 percent of all AIDS cases are a result of injected drug use.

Many businesses have trouble locating drug-free employees, and our schools are full of kids coping with at least one drug-affected parent.

If we want to be serious about dealing with Baltimore's high crime and AIDS rates, and improve our economy and schools, then we must be serious in addressing our drug problem—which is 55,000 addicts strong.

Part of the solution is to reform the criminal justice system as Mayor Martin O'Malley is proposing, which will allow the courts to focus on violent drug-related offenders. However, we cannot simply arrest our way out of the drug problem.

Why? Because while we can temporarily clear our streets of the most violent offenders (who are often related to the drug trade), so long as the demand for drugs remains, new suppliers will take their place. The only way to decrease this demand is to significantly expand substance abuse prevention and treatment.

Baltimore's publicly funded drug treatment system treats about 18,000 addicts a year, and does so fairly effectively. In fact, a national scientific advisory group recently called Baltimore's treatment system one of the best in the country.

That doesn't mean it can't be better. The treatment system is about to begin using extensive performance measures to evaluate individual treatment programs.

But the basic fact remains: We do not have anywhere near the treatment capacity we need.

Our best estimate is that about 40,000 addicts each year will request treatment or be required by the courts to receive it.

For this to happen, the treatment system would need an influx of approximately \$40 million—in addition to the current \$30 million budget.

What would this \$70 million buy? It would allow for treatment within 24 hours of a voluntary request or an order from the courts. Immediate care is crucial because treatment is most effective when addicts admit their problem and seek treatment or sanctions are rapidly enforced.

While getting clean is relatively easy, staying clean is harder. The key to long-term success is keeping recovering addicts drug-free. To that end, it is crucial that we address other problems in their lives. Thus, the \$40 million would also provide enhanced services on-site at substance-abuse treatment programs in the city, including mental health and medical services, job readiness training and placement, legal services, housing coordination and day care.

Even in this time of economic prosperity and budget surpluses, \$40 million in new funding sounds like a lot of money.

But let's put it in perspective: Crime committed by Baltimore's 55,000 addicts costs an estimated \$2 billion to \$3 billion each year. The consequences of our city's substance abuse problems are so detrimental to Baltimore's health that fully funded and readily available comprehensive drug treatment is absolutely imperative.

I am so convinced of the importance of this funding and the effectiveness of treatment in preventing crime that I will make this pledge in writing:

If Baltimore's crime rate is not cut in half within three years of obtaining \$40 million in additional funding for drug treatment, I will resign.

Additionally, I would like to share some of the information with you now. The article explains why I fight daily for expanded drug treatment and prevention funding.

The drug epidemic we face in Baltimore permeates every aspect of my constituents' lives. Seventy-five to 90 percent of all crimes committed in the city are drug related, and 80 percent of all AIDS cases are a result of injected drug use. Businesses have trouble locating drug-free employees, and our schools are full of kids coping with at least one drug-affected parent.

We have nowhere near the treatment capacity we need. According to Dr. Beilenson, the best estimate is that 40,000 addicts each year will request treatment or be required by courts to receive it. Dr. Beilenson believes that to meet the need, Baltimore City must have at least \$40 million, in addition to the current \$30 million budget. He believes that it would allow for treatment within 24 hours of a voluntary request or an order from courts. Medical

care is most effective when the addicts admit their problem and seek treatment.

Dr. Beilenson further explains that the additional funds would provide enhanced services on site at substance abuse treatment programs in the city, which would include mental health and medical services, job readiness training and placement, legal services, housing coordination, and day care.

What really hit home for me in Dr. Beilenson's op-ed was the way he put it into perspective. Crime committed by Baltimore's 55,000-plus addicts costs an estimated \$2 billion to \$3 billion each year, so \$40 million is like a drop in the bucket when compared to the potential savings. Dr. Beilenson was so convinced that this \$40 million was necessary for the city that he pledged to quit his job in Baltimore if Baltimore's crime rate was not cut in half within 3 years of obtaining that funding for drug treatment. That is the commitment, and I thank Dr. Beilenson for his continued work.

When I urge for increased funding for drug treatment services on the floor, in committee, and in "Dear Colleagues," please know that the city of Baltimore has dedicated people like Dr. Beilenson who will use the funds in the most effective and efficient manner possible.

Expansion of drug treatment can stop the spread of AIDS also. In 1997, 76 percent of the new HIV infections were among drug users. Of those diagnosed with AIDS, drug use is linked to more than 36 percent of adult cases, 61 percent of women's cases, and more than 50 percent of the pediatric cases.

Alcohol and drug treatment effectively prevents HIV disease and costs far less than HIV medical care. Needle exchange programs also have been shown to reduce the spread of HIV and open the door to treatment for injection drug users.

In 1996, a National Treatment Improvement Evaluation Study found a significant reduction in risky sexual behavior among individuals who participated in substance abuse treatment. The percentage of individuals who had sex with an intravenous drug user or exchanged sex for money or drugs dropped by more than 50 percent.

As I stated earlier, it is clear that our drug laws, particularly mandatory minimum sentencing, have fallen disproportionately on black males. This has led to the breakdown of many black family units, entire communities, and undermines efforts to reduce the impact of drug use and abuse.

□ 1515

We do not yet know how effective faith-based drug treatments are. In spite of the fact that faith-based charitable choice provisions have been Federal law since 1996, we have no information on how these programs work.

The General Accounting Office in their 1998 report entitled "Drug Abuse: Studies Show Benefits May Be Overstated," revealed "that faith-based

strategies have yet to be rigorously examined by the research community."

Last year, the National Institutes of Health and the National Institute on Drug Abuse, in response to an inquiry from the National Association of Alcoholism and Drug Abuse Counselors, wrote:

Although there are a number of studies emerging that "faith" or "religiosity" may serve as a protective factor against initial drug use, there is not enough research in the treatment portfolio for NIDA to make any valid conclusive statements about the role that faith plays in drug addiction treatment.

As such, in early April I asked the GAO to investigate the role or effectiveness of faith-based organizations in providing federally-funded social services. If Congress and the President are going to expand the role of faith-based organizations in fulfilling federal mandates via charitable choice, we must have a basis for assessing how these organizations have performed and the effect government support will have on constitutional principles, civil rights, competition within treatment communities, and accountability.

Questions must be asked. Are we prepared to forgo the "separation of church and State" by allowing groups to proselytize with public funds or discriminate in employment and the provision of services on the basis of religion, sex, gender, or race?

Who qualifies? Will we create unhealthy competition, with the more dominant or better-financed faiths winning the prize?

How will our government funds be regulated? Will groups forgo the full expression of religious beliefs in exchange for money? Are we comfortable with our houses of worship becoming houses of investigation?

As the son of two ministers, I recognize the role faith and spirituality can play in helping to treat a person suffering from drug addiction. Make no mistake about it, drug addiction is an illness, and as an illness it requires medical and psychological attention.

Treating drug, alcohol addiction, and abuse is about treating a diseases, it is not about using federal funds to proselytize. It is about providing trained and licensed addiction counseling professionals to assess an individual's needs and method of treatment.

It is not about relaxing State licensing and certification standards for substance abuse counselors. It is about ensuring that our poorest and our least-served receive the best treatment available as they struggle to overcome a devastating disease.

In their time of need, they deserve and must demand accountability in the provision of drug treatment services. Drug addiction treatment demands quality resources and effective treatment. It should not be used as a testing ground for unproven methods of unlicensed professionals.

We must never lose sight of the fact that the federal funding of drug treatment services is a public service, one

available to every person everywhere. As a result, public health services must never be placed in a position of competing for federal funds. In treating drug addiction, integrity, accountability, and responsibility must be a part of any treatment package.

According to the National Institute of Justice, 65 percent of inmates in New Jersey released from prison lack adequate access to resources needed in order to live productive lives after incarceration. In Maryland, of the annual 13,000 new commitments to prison, to the prison system, 60 percent are from Baltimore City. Unfortunately, many of these offenders return to the same neighborhoods, and because they do not have an alternative, often return back to the same life of drug use and petty crime.

A recent survey conducted by the Maryland Department of Corrections identified jobs, education, and housing as the top three concerns among returning ex-offenders. Seventy-five percent of Maryland's inmates have not had job training while in prison. Further, the majority of repeat offenders with a sentence of 18 months or less are not in long enough to receive needed skills and training.

Fortunately, community organizations and the Department of Corrections became involved in the Reentry Partnership Initiative. They recognized the increasing need for law enforcement and correction systems to work collaboratively and with community-based service providers to increase the likelihood that returning ex-offenders will stay out of prison, make a livable wage, and become contributing members of their communities.

In mid-September of 2000, Janet Reno traveled to my district to participate in a round table discussion of Baltimore's Reentry Partnership Initiative. At that time, she called on Congress to fully fund the administration's request of \$145 million for the reentry initiative in the FY 2001 Commerce, Justice, State, and Judiciary appropriations bill.

That funding would assist State, city, and community partners in their efforts; provide an integrated reentry program to help prepare inmates for their transition from prisons to their communities; develop resources to efficiently manage program services that focus on an offender's needs; partner with private, nonprofit, and other governmental services to maximize the effectiveness of key service providers, and reduce recidivism; cooperatively develop a comprehensive plan that supports an offender's post-incarceration needs, including coping and decision-making skills, and effective use of a variety of community-based social and medical services. The program hopes to serve 250 ex-offenders during the first year.

In 1998, the White House Office of National Drug Control Policy launched an initiative to encourage our Nation's youth to stay drug-free. The campaign

targets youths age 9 to 18, particularly middle-aged schoolchildren, adolescents, parents, and other adults who influence the choices of young people.

To get the word out to a range of economic and ethnic groups, the campaign uses advertising, public relations, interactive media, television programs, and after-school activities to educate and empower young people to reject drugs.

The campaign also partners with civic and nonprofit organizations, faith-based groups, and private corporations to enlist and engage people in prevention efforts.

Nearly a year of research went into designing this comprehensive campaign. Hundreds of individuals and organizations were consulted, including experts in teen marketing, advertising, and communication, behavior change experts, drug prevention practitioners, and representatives from professional, civic, and community organizations.

This campaign raises the bar for public service campaigns because it has an unprecedented level of accountability. It has been constantly monitored, evaluated, and updated to ensure that it effectively reaches teens and their parents.

The Subcommittee on Criminal Justice, Drug Policy, and Human Resources of the Committee on Government Reform has held oversight hearings on this campaign. ONDCP has demonstrated that they continue to meet Congress's mandates while remaining cost-efficient and effective.

Last year, former ONDCP director General Barry McCaffrey joined me in Baltimore with a group of students to discuss the campaign and its effectiveness. General McCaffrey mentioned to me that a youth town hall meeting provided him with valuable information to take back to Washington to refine the campaign's message.

The students shared that some people in the ads that they could relate to greatly added to the effectiveness of the message. One ad featuring the singer, Lauren Hill, particularly stood out to them. Several surveys have been released in the past couple months that show that although we have a long way to go towards eliminating youth substance abuse, the media campaign is making strides towards this goal.

I hope that during the 107th Congress, Members will work hard to expand substance abuse and prevention programs so that our Nation's youth can live happy, productive, and drug-free lives.

I requested \$2.5 million in the fiscal year 2002 Labor-HHS-Education bill for substance abuse and mental health services in the administration's Center for Abuse Treatment account to assist the city of Baltimore with its efforts to provide expanded drug treatment services.

The city of Baltimore suffers from an enormous drug abuse problem, so much so that the U.S. Drug Enforcement Administration called it the most addicted city in America.

According to Drug Strategies, a national nonprofit research organization that studies drug addiction and treatment programs, Baltimore is home to 60,000 drug addicts. Its six drug treatment facilities are currently running at 104 percent capacity, and several thousand addicts await treatment.

The city currently services 18,000 voluntary or court-ordered drug treatment patients, which is approximately 25 percent of the total number of people seeking treatment.

In fiscal year 2001, Congress provided \$2.21 million to assist Baltimore in its effort to provide treatment on request, an innovative drug treatment regimen aimed at ensuring that drug treatment slots are available for every addict who seeks voluntary treatment, as well as those ordered into treatment by the courts.

In order to address the burgeoning drug epidemic in Baltimore, the city health department plans to utilize fiscal year 2001 resources to provide drug treatment services for 1,241 addicts. With an additional investment of \$2.5 million in fiscal year 2002, the city would provide 75 additional immediate residential care beds.

Currently, Baltimore has the capacity to provide this 28-day regimen to only 75 people who request treatment. However, the city receives more than 100 calls each day requesting these services. Additional federal funding would enable Baltimore to double the capacity of its current intermediate residential treatment program, improve quality of life, and reduce the crime that is endemic among addicts.

I requested \$250 million in the fiscal year 2002 Treasury-Postal appropriations bill for the National Youth Anti-Drug Media Campaign. The Office of National Drug Control Policy, in collaboration with the Partnership for a Drug-Free America, coordinates this effective public-private drug prevention media campaign.

The media campaign is an integral, cost-effective, and results-driven component of our national drug control policy, and it is working. Since the campaign was launched in 1998, more kids see risks in drugs. Fewer see benefits.

The critical shifts are fueling an unmistakable decline in drug use, as documented by two leading national tracking studies. Past-year use of marijuana has declined significantly. Congressional funding for the effort has stayed constant since 1998. However, the cost of placing these ads is up 23 percent.

To ensure anti-drug messages maintain their impact, to counter inflation, and to address the rise in new types of drug use, more funding is needed. According to a recent Baltimore Sun article, 45 percent of Americans believe it is a good idea to invest even more funding to protect future generations from the scourge of drug addiction and abuse.

Given the campaign's reach into society and its proven ability to leverage

hundreds of millions of private industry dollars, it will surely continue to be one of the most cost-effective demand reduction programs ever funded by the Federal government. It is a wise investment for our country and for our children.

I also supported the \$50.6 million funding level in the fiscal year 2002 Treasury-Postal appropriations bill's Drug-Free Communities Act. This effort was spearheaded by the gentleman from Ohio (Mr. PORTMAN). The level of funding is necessary to build and strengthen effective anti-drug coalitions, a central, bipartisan component of our Nation's drug demand reduction strategy.

It is crucial that communities around the country are organized to respond to their local drug problems in a comprehensive and coordinated manner. The DFCA recognizes that federal anti-drug resources must be invested at the community level with those who have the most power to reduce the demand for drugs: parents, teachers, business leaders, the media, religious leaders, law enforcement officials, youth, and others.

□ 1530

The bill makes Federal support contingent upon a community first demonstrating comprehensive commitment to addressing the drug problem, sustaining the effort over time with non-Federal financial support and evaluating the specific initiatives they undertake.

While other priorities will constrain the amount of funding available for discretionary programs, the DFCA warrants the administration-proposed increase. The community coalition approach has proven effective in reducing teenage drug use in communities around the country.

This additional funding will allow hundreds of additional communities to build and sustain effective coalitions that are the backbone of successful local antidrug efforts.

In conclusion, I submit to you that the data is overwhelming, and it is becoming increasingly difficult to help those facing addiction, particularly when we cannot secure desperately needed funding for a comprehensive drug treatment plan.

We know that drug treatment reduces stolen and damaged property, injuries and lost work time, police and court costs, hospital and emergency room visits, rates of infectious diseases and child abuse and foster care.

With appropriate funding, a comprehensive drug treatment plan could address the prevention treatment and after-care services our Nation needs.

After-care services in particular can save jobs, families and lives. Effective after-care includes child care services, vocational services, mental health services, medical services, educational and HIV services, legal and financial services, housing and transportation, and family services.

According to the National Institute on Drug Abuse, the best treatment programs provide a combination of therapies and other services that meet the needs of an individual patient.

Drug addiction is a disease that poses a serious national public health crisis. As such, it requires an adequate Federal response; and if we do not act now, a whole new generation of Americans will be disposed to the high social, economic, and health costs associated with addiction.

Ultimately, my goal is to make Baltimore a livable community through increased services to residents, reduction in crime and drug abuse, and increased citizen productivity.

Mr. Speaker, I include the following story from Time magazine for the RECORD as follows:

[From TIME Magazine, June 5, 2000]

#### THE LURE OF ECSTASY

*The elixir best known for powering raves is an 80-year-old illegal drug. But it's showing up outside clubs too, and advocates claim it even has therapeutic benefits. Just how dangerous is it?*

(By John Cloud)

Cobb County, GA., May 11, 2000. It's a Thursday morning, and 18-year-old "Karen" and five friends decide to go for it. They skip first period and sneak into the woods near their upscale high school. One of them takes out six rolls—six ecstasy pills—and they each swallow one. Then back to school, flying on a drug they once used only on weekends. Now they smile stupid gelatinous smiles at one another, even as high school passes them by. That night they will all go out and drop more ecstasy, rolling into the early hours of another school day. It's rare that anyone would take ecstasy so often—it's not physically addictive—but teenagers everywhere have begun experimenting with it. "The cliques are pretty big in my school," Karen says, "and every clique does it."

Grand Rapids, Mich., May 1997. Sue and Shane Stevens have sent the three kids away for the weekend. They have locked the doors and hidden the car so no one will bug them. Tonight they hope to talk about Shane's cancer, a topic they have mostly avoided for years. It has eaten away at their marriage just as it corrodes his kidney. A friend has recommended that they take ecstasy, except he calls it MDMA and says therapists used it 20 years ago to get people to discuss difficult topics. And, in fact, after tonight, Sue and Shane will open up, and Sue will come to believe MDMA is prolonging her marriage—and perhaps Shane's life.

So we know that ecstasy is versatile. Actually, that's one of the first things we knew about it. Alexander Shulgin, 74, the biochemist who in 1978 published the first scientific article about the drug's effect on humans, noticed this panacea quality back then. The drug "could be all things to all people," he recalled later, a cure for one student's speech impediment and for one's bad LSD trip, and a way for Shulgin to have fun at cocktail parties without martinis.

The ready availability of ecstasy, from Cobb County to Grand Rapids, is a newer phenomenon. Ecstasy—or "e"—enjoyed a brief spurt of mainstream use in the '80s, before the government outlawed it in 1985. Until recently, it remained common only on the margins of society—in clubland, in gay America, in lower Manhattan. But in the past year or so, ecstasy has returned to the heartland. Established drug dealers and mobsters have taken over the trade, and they are

meeting the astonishing demand in places like Flagstaff, Ariz., where "Katrina," a student at Northern Arizona University who first took it last summer, can now buy it easily; or San Marcos, Texas, a town of 39,000 where authorities found 500 pills last month; or Richmond, Va., where a police investigation led to the arrest this year of a man thought to have sold tens of thousands of hits of e. On May 12, authorities seized half a million pills at San Francisco's airport—the biggest e bust ever. Each pill costs pennies to make but sells for between \$20 and \$40, so someone missed a big payday.

Ecstasy remains a niche drug. The number of people who use it once a month remains so small—less than 1% of the population—that ecstasy use doesn't register in the government's drug survey. (By comparison, 5% of Americans older than 12 say they use marijuana once a month, and 1.8% use cocaine.) But ecstasy use is growing. Eight percent of U.S. high school seniors say they have tried it at least once, up from 5.8% in 1997; teen use of most other drugs declined in the late '90s. Nationwide, customs officers have already seized more ecstasy this fiscal year, more than 5.4 million hits, than in all of last year. In 1998 they seized just 750,000 hits.

The drug's appeal has never been limited to ravers. Today it can be found for sale on Bourbon Street in New Orleans along with the 24-hour booze; a group of lawyers in Little Rock, Ark., takes it occasionally, as does a cheerleading captain at a Miami high school. The drug is also showing up in hip-hop circles. Bone Thugs-N-Harmony raps a paean to it on its latest album: "Oh, man, I don't even f\_\_\_\_\_ with the weed no more."

Indeed, much of the ecstasy taking—and the law enforcement under way to end it—has been accompanied by breathlessness. "It appears that the ecstasy problem with eclipse and crack-cocaine problem we experienced in the late 1980s," a cop told the Richmond Times-Dispatch. In April, 60 Minutes II prominently featured an Orlando, Fla., detective dolorously noting that "ecstasy is no different from crack, heroin." On the other side of the spectrum, at <http://ecstasy.org>, you can find equally bloated praise of the drug. "We sing, we laugh, we share and most of all, we care," gushes an awful poem on the site, which also includes testimonials from folks who say ecstasy can treat schizophrenia and help you make "contact with dead relatives."

Ecstasy is popular because it appears to have few negative consequences. But "these are not just benign, fun drugs," says Alan Leshner, director of the National Institute on Drug Abuse. "They carry serious short-term and long-term dangers." Those like Leshner who fight the war on drugs overstate these dangers occasionally—and users usually understate them. But one reason ecstasy is so fascinating, and thus dangerous to antidrug crusaders, is that it appears to be a safer drug than heroin and cocaine, at least in the short run, and appears to have more potentially therapeutic benefits.

Even so, the Federal Government has launched a major p.r. effort to fight ecstasy based on the Internet at <http://clubdrugs.org>. Last week two Senators, Bob Graham of Florida and Chiles Grassley of Iowa, introduced an ecstasy antiproliferation bill, which would stiffen penalties for trafficking in the drug. Under the new law, someone caught selling about 100 hits of ecstasy could be charged as a drug trafficker; current law sets the threshold at about 300,000 pills. "I think this is the time to take a forceful set of initiatives to try to reverse the tide," says Graham.

What's the appeal of ecstasy? As a user put it, it's "a six-hour orgasm." About half an hour after you swallow a hit of e, you begin

to feel peaceful, empathetic and energetic—not edgy, just clear. Pot relaxes but sometimes confuses; LSD stupefies; cocaine wires. Ecstasy has none of those immediate downsides. "Jack," 29, an Indiana native who has taken ecstasy about 40 times, said the only time he felt as good as he does on e was when he found out he had won a Rhodes scholarship. He enjoys feeling logorrheic: ecstasy users often talk endlessly, maybe about a silly song that's playing or maybe about a terrible burden on them. E allows the mind to wander, but not into hallucinations. Users retain control. Jack can allow his social defenses to crumble on ecstasy, and he finds he can get close to people from different backgrounds. "People I would never have talked to, because I'm mostly in the Manhattan business world, I talk to on ecstasy. I've made some friends I never would have had."

All this marveling should raise suspicions, however. It's probably not a good idea to try to duplicate the best moment of one's life 40 times, if only because it will cheapen the truly good times. And even as they help open the mind to new experiences, drugs also can distort the reality to which users ineluctably return. Is ecstasy snake oil? And how harmful is it?

This is what we know:

An ecstasy pill most probably won't kill you or cure you. It is also unlike pretty much every other illicit drug. Ecstasy pills are (or at least they are supposed to be) made of a compound called methylenediosymethamphetamine, or MDMA. It's an old drug: Germany issued the patent for it in 1914 to the German company E. Merck. Contrary to ecstasy lore, and there's tons of it, Merck wasn't trying to develop a diet drug when it synthesized MDMA. Instead, it's chemists simply thought it could be a promising intermediary substance that might be used to help develop more advanced therapeutic drugs. There's also no evidence that any living creature took it at the time—not Merck employees and certainly not Nazi soldiers, another common myth. (They wouldn't have made very aggressive killers.)

Yet MDMA all but disappeared until 1953. That's when the U.S. Army funded a secret University of Michigan animal study of eight drugs, including MDMA. The cold war was on, and for years its combatants had been researching scores of substances as potential weapons. The Michigan study found that none of the compounds under review was particularly toxic—which means there will be no war machines armed with ecstasy-filled bombs. It also means that although MDMA is more toxic than, say, the cactus-based psychedelic mescaline, it would take a big dose of e, something like 14 of today's purest pills ingested at once, to kill you.

It doesn't mean ecstasy is harmless. Broadly speaking, there are two dangers: first, a pill you assume to be MDMA could actually contain something else. Anecdotal evidence suggests that most serious short-term medical problems that arise from "ecstasy" are actually caused by pills adulterated with other, more harmful substances (more on this later). Second, and more controversially, MDMA itself might do harm.

There's a long-standing debate about MDMA's dangers, which will take much more research to resolve. The theory is that MDMA's perils spring from the same neurochemical reaction that causes its pleasures. After MDMA enters the bloodstream, it aims with laser-like precision at the brain cells that release serotonin, a chemical that is the body's primary regulator of mood. MDMA causes these cells to disgorge their contents and flood the brain with serotonin.



But forcibly catapulting serotonin levels could be risky. Of course, millions of Americans manipulate serotonin when they take Prozac. But ecstasy actually shoves serotonin from its storage sites, according to Dr. John Morgan, a professor of pharmacology at the City University of New York (CUNY). Prozac just prevents the serotonin that's already been naturally secreted from being taken back up into brain cells.

Normally, serotonin levels are exquisitely maintained, which is crucial because the chemical helps manage not only mood but also body temperature. In fact, overheating is MDMA's worst short-term danger. Flushing the system with serotonin, particularly when users take several pills over the course of one night, can short-circuit the body's ability to control its temperature. Dancing in close quarters doesn't help, and because some novice users don't know to drink water, e users' temperatures can climb as high as 110 [degrees]. At such extremes, the blood starts to coagulate. In the past two decades, dozens of users around the world have died this way.

There are long-term dangers too. By forcing serotonin out, MDMA resculpts the brain cells that release the chemical. The changes to these cells could be permanent. Johns Hopkins neurotoxicologist George Ricaurte has shown that serotonin levels are significantly lower in animals that have been given about the same amount of MDMA as you would find in just one ecstasy pill.

In November, Ricaurte recorded for the first time the effects of ecstasy on the human brain. He gave memory tests to people who said they had last used ecstasy two weeks before, and he compared their results with those of a control group of people who said they had never taken e. The ecstasy users fared worse on the tests. Computer images that give detailed snapshots of brain activity also showed that e users have fewer serotonin receptors in their brains than nonusers, even two weeks after their last exposure. On the strength of these studies as well as a large number of animal studies, Ricaurte has hypothesized that the damage is irreversible.

Ricaurte's work has received much attention, owing largely to the government's well-intentioned efforts to warn kids away from ecstasy. But his work isn't conclusive. The major problem is that his research subjects had used all kinds of drugs, not just ecstasy. (And there was no way to tell that the ecstasy they had taken was pure MDMA.) AND critics say even if MDMA does cause the changes to the brain that Ricaurte has documented, those changes may carry no functional consequences. "None of the subjects that Ricaurte studied had any evidence of brain or psychological dysfunction," says cuny's Morgan. "His findings should not be dismissed, but they may simply mean that we have a whole lot of plasticity—that we can do without serotonin and be O.K. We have a lot of unanswered questions."

Ricaurte told TIME that "the vast majority of people who have experimented with MDMA appear normal, and there's no obvious indication that something is amiss." Ricaurte says we may discover in 10 or 20 years that those appearances are horribly wrong, but others are more sanguine about MDMA's risks, given its benefits. For more than 15 years, Rick Doblin, founder of the Multidisciplinary Association for Psychedelic Studies, has been the world's most enthusiastic proponent of therapeutic MDMA use. He believes that the compound has a special ability to help people make sense of themselves and the world, that taking MDMA can lead people to inner truths. Independently wealthy, he uses his organization to promote his views and to "study ways to take drugs to open the unconscious."

Doblin first tried MDMA in 1982, when it was still legal and when the phrase "open the unconscious" didn't sound quite so gooey. At that time, MDMA had a small following among avant-garde psychotherapists, who gave it to blindfolded patients in quiet offices and then asked them to discuss traumas. Many of the therapists had heard about MDMA from the published work of former Dow chemist Shulgin. According to Shulgin (who is often wrongly credited with discovering MDMA), another therapist to whom he gave the drug in turn named it Adam and introduced it to more than 4,000 people.

Among these patients were a few entrepreneurs, folks who thought MDMA felt too good to be confined to a doctor's office. One who was based in Texas (and who has kept his identity a secret) hired a chemist, opened an MDMA lab and promptly renamed the drug ecstasy, a more marketable term than Adam or "empathy" (his first choice, since it better describes the effects). He began selling it to fashionable bars and clubs in Dallas, where bartenders sold it along with cocktails; patrons charged the \$20 pills, plus \$1.33 tax, on their American Express cards.

Manufacturers at the time flaunted the legality of the drug, promotion it as lacking the hallucinatory effects of LSD and the addictive properties of coke and heroin. The U.S. Drug enforcement Administration was caught by surprise by the new drug not long after it had been embarrassed by the spread of crack. The administration quickly used new discretionary powers to outlaw MDMA, pointing to the private labs and club use as evidence of abuse. DEA officials also cited rudimentary studies showing that ecstasy users had vomited and experienced blood-pressure fluctuations.

Most therapeutic use quickly stopped. But Doblin's group has founded important MDMA studies, including Ricaurte's first work on the drug. Sue Stevens, the woman who took it in 1997 with her husband Shane—he has since died of kidney cancer—learned about the drug from a mutual friend of hers and Doblin's. She believes he helped Shane find the right attitude to fight his illness, and she helps Doblin advocate for limited legal use. Soon his association will help fund the first approved study of MDMA in psychotherapy, involving 30 victims of rape in Spain diagnosed with post-traumatic stress disorder. In this country, the FDA has approved only one study. In 1995 Dr. Charles Grob, a UCLA psychiatrist, used it as a pain reliever for end-stage cancer patients. In the first phase of the study, he concluded the drug is safe if used in controlled situations under careful monitoring. The body is much less likely to overheat in such a setting. Grob believes MDMA's changes to brain cells are accelerated and perhaps triggered entirely by overheating.

In 1998, emergency rooms participating in the Drug Abuse Warning Network reported receiving 1,135 mentions of ecstasy during admission, compared with just 626 in 1997. If ecstasy is so benign, what's happening to these people? The two most common short-term side effects of MDMA—both of which remain rare in the aggregate—are overheating and something even harder to quantify, psychological trauma.

A few users have mentally broken down on ecstasy, unprepared for its powerful psychological effects. A schoolteacher in the Bay Area who had taken ecstasy in the past and loved it says she took it again a year ago and began to recall, in horrible detail, an episode of sexual abuse. She became severely depressed for three months and had to seek psychiatric treatment. She will never take ecstasy again.

Ecstasy's aftermath can also include a depressive hangover, a down day that users

sometimes call Terrible Tuesdays. "You know the black mood is chemical, related to the serotonin," says "Adrienne," 26, a fashion-company executive who has used ecstasy almost weekly for the past five years. "But the world still seems bleak." Some users, especially kids trying to avoid the pressures of growing up, begin to use ecstasy too often—every day in rare cases. In one extreme case, "Cara," an 18-year-old Miami woman who attends Narcotics Anonymous, says she lost 50 lbs. after constantly taking ecstasy. She began to steal and deal e to pay for rolls.

Another downside: because users feel empathetic, ecstasy can lower sexual inhibitions. Men generally cannot get erections when high on e, but they are often ferociously randy when its effects begin to fade. Dr. Robert Kiltzman, a psychiatrist at Columbia University, has found that men in New York City who use ecstasy are 2.8 times more likely to have unprotected sex.

Still, the majority of people who end up in the e.r. after taking ecstasy are almost certainly not taking MDMA but something masquerading under its name. No one knows for sure what they're taking, since emergency rooms don't always test blood to confirm the drug identified by users. But one group that does test e for purity is DanceSafe, a prave organization based in Berkeley, Calif., and largely funded by a software millionaire, Bob Wallace (Microsoft's employee No. 9). DanceSafe sets up tables at raves, where users can get information about drugs and also have ecstasy pills tested. (The organization works with police so that ravers who produce pills for testing won't be arrested.) A DanceSafe worker shaves off a silver of the tablet and drops a solution onto it; if it doesn't turn black quickly, it's not MDMA.

The organization has found that as much as 20% of the so-called ecstasy sold at raves contains something other than MDMA. DanceSafe also tests pills for anonymous users who send in samples from around the nation; it has found that 40% of those pills are fake. Last fall, DanceSafe workers attended a "massive"—more than 5,000 people—rave in Oakland, Calif. Nine people were taken from the rave in ambulances, but DanceSafe confirmed that eight of the nine had taken pills that weren't MDMA.

The most common adulterants in such pills are aspirin, caffeine and other over-the-counters. (Contrary to lore, fake e virtually never contains heroin, which is not cost-effective in oral form.) But the most insidious adulterant—what all eight of the Oakland ravers took—is DXM (dextromethorphan), a cheap cough suppressant that causes hallucinations in the 130-mg dose usually found in fake e (13 times the amount in a dose of Robitussin). Because DXM inhibits sweating, it easily causes heatstroke. Another dangerous adulterant is PMA (paramethoxyamphetamine), an illegal drug that in May killed two Chicago-area teenagers who took it thinking they were dropping e. PMA is a vastly more potent hallucinogenic and hyperthermic drug than MDMA.

Most users don't have access to DanceSafe, which operates in only eight cities. But as demand has grown, the incentive to manufacture fake e has also escalated, especially for one-time raves full of teens who won't see the dealer again. Established dealers, by contrast, operate under the opposite incentive. A Miami dealer who goes by the name "Top Dog" told TIME he obtains MDMA test kits from a connection on the police force. "If [the pills] are no good," he says, customers "won't want to buy from you anymore." It's business sense: Top Dog can earn \$300,000 a year on e sales.

As writer Joshua Wolf Shenk has pointed out, we tend to have opposing views about

drugs: they can kill or cure; the addiction will enslave you, or the new perceptions will free you. Aldous Huxley typified this duality with his two most famous books, *Brave New World*—about a people in thrall to a drug called soma—and *The Doors of Perception*—an autobiographical work in which Huxley begins to see the world in a brilliant new light after taking mescaline.

Ecstasy can occasionally enslave and occasionally offer transcendence. Usually, it does neither. For Adrienne, the Midwestern woman who has been a frequent user for the past five years, ecstasy is a key part of life. "E makes shirtless, disgusting men, a club with broken bathrooms, a deejay that plays crap and vomiting into a trash can the best night of your life," she says with a laugh. "It has done two things in my life," she reflects. "I had always been aloof or insecure or snobby, however you want to put it. And I took it and realized, you know what, we're all here; we're all dancing; we're not so different. I allowed myself to get closer to people. Everything was more positive. But my life also became, quickly, all about the next time I would do it \* \* \* You feel at ease with yourself and right with the world, and that's a feeling you want to duplicate—every single week."

#### THREAT OF THE PEOPLE'S REPUBLIC OF CHINA AND MASSIVE UNCONTROLLED IMMIGRATION

The SPEAKER pro tempore (Mr. ISSA). Under the Speaker's announced policy of January 3, 2001, the gentleman from Colorado (Mr. TANCREDO) is recognized for 60 minutes as the designee of the majority leader.

Mr. TANCREDO. Mr. Speaker, today being Flag Day, millions of Americans around the country are honoring the Nation through honoring the flag. Naturally, our thoughts turn to a number of subjects on a day like today.

I just returned from a particularly stirring presentation that was held over in the Cannon Caucus Building for veterans, at which time I was able to give a little bit of a presentation. It was a very powerful event, beautiful music, and a lot of great speeches about the country, about the Nation, about where we are as a Nation and about where we hope to go.

Mr. Speaker, this evening I want to talk about a couple of things that I believe to be the most significant threats this Nation faces; one is an external threat, and that threat is the People's Republic of China.

I characterize that nation as a threat, because of the actions taken by the Chinese, not just in the recent past, by the forcing down of one of our planes, but I suggest that China is a threat to the United States and can be identified as such as a result of analyzing China's history and its most recent actions together.

China is a nation with a very long history of aggressive behavior; that behavior is often activated by grievances, both actual grievances and perceived and contrived.

It is motivated by a sort of raging nationalism that finds expression in expanding its borders in xenophobia. I believe that the best way to success-

fully deal with China is to understand these realities and to fashion a foreign policy accordingly.

Later on, I will discuss what I believe to be the other most significant threat to the United States and that is internally. It is not a foreign threat, it is an internal threat, and that is massive uncontrolled immigration into this country, both legal and illegal.

I recognize that both of these subjects are quite controversial. Both of these subjects always engender a lot of emotion and a lot of discussion. The latter, the issue of immigration, does not get much attention on this floor, because there is a fear, a natural fear, on the part of a lot of people, a lot of my colleagues to address this, for fear that they will be characterized or mischaracterized, as the case may be, as a result of their opposition or concern about massive immigration into this Nation.

It is, nonetheless, the second topic I will deal with. First, I want to stay with the topic of the People's Republic of China.

Another important understanding for Americans with regard to China, something we must come to grips with is the fact that China believes itself to be our number one enemy. They look at us as their enemy. There is absolutely nothing we can do by way of appeasement that will ever change this reality.

Here in the United States, as in most democracies, there is a basic unwillingness to confront the harsh realities of nature. We want to attribute always the hostile actions of others to benign intent.

History, of course, has proven that this particular course of action is always dangerous and sometimes disastrous. From a historical perspective, China provides an unparalleled view of a nation in the constant grip of absolutism. Indeed, this tradition goes back to the very founding of the Chinese state by the Chang dynasty in 1766 B.C. The governmental structure at that time was sophisticated, and an autocrat ruled it. When addressing his subjects, he referred to himself as I, the single one man.

For literally thousands of years, the Chinese people have been treated as disposable resources of the state. The recent discovery of the famed Terra Cotta Warriors in China's ancient Capitol of Xian have survived far longer than the bones of the thousands of construction workers who were buried alive to hide the location of the tomb from grave robbers.

I find this to be a more interesting aspect of Chinese and a more revealing aspect of Chinese culture than the craftsmanship of the artists involved.

China's long history is an unbroken international internalization of the concept of externally expanding power as a guiding principle of foreign policy.

A China scholar by the name of Steven Moser states that this desire for hegemony is still deeply embedded in China's national dream work, intrinsic

to its national identity and implicated in what it believes to be its natural destiny.

Mr. Moser divides China's quest for hegemony in three parts, basic hegemony, he says, the recovery of Taiwan, and the assertion of undisputed control over the South China Sea. Regional hegemony is the extension of the Chinese empire to maximum extent of its old, what they call their old Celestial Empire.

Finally, global hegemony, this is a worldwide contest with the United States to replace the current Pax Americana with a Pax Sinoca.

Certainly many observers disagree with Mr. Moser's characterization of modern day China. They would argue that time have changed and that new realities have forced a cultural and political metamorphosis in the PRC.

They go on to contend that the United States should fashion a foreign policy to accommodate this change. This, of course, is one of the arguments that was made during the recent debate here in this Congress over PNTR, or permanent normal trade relationships, with China.

The other very powerful argument that was made for PNTR, and about which I will say more later, when something like this, we do not really care about America's national security interests. There is money to be made by buying cheap in China and selling dear in the rest of the world. Well, let us test the theory of the modern day Chamberlains that rely on the accommodating rather than confronting China.

China, of course, is already acquired, through more peaceful mechanisms, Hong Kong and Macau; but they are now preparing for Taiwan to follow suit, peacefully or otherwise. China is aggressively assembling the military capabilities to protect its war power beyond its present internationally recognized borders.

Six days ago, China masked amphibious vehicles and landing craft on an island near Taiwan as part of a large-scale military exercise. These exercises are expected to be one of the largest shore-based war games held by the Chinese military in recent history.

China's capability to deliver the nuclear weapons to targets which include Los Angeles and many other cities in the United States has been perfected by the application of advanced technology that has been both purchased and stolen from the United States.

China has embarked upon the construction of three missile bases along the coast to threaten Taiwan. My colleagues may recall that they fired several missiles toward Taiwan just not too long ago.

Mr. Speaker, a little over 1 year ago, China exploded a neutron bomb; that event went relatively unpublishized in the Western press. Included in the plans for this basic hegemony of the region is the occupation of the Spratly and Paracel Island group. No fewer

than 11 naval bases have been constructed in this area in the very recent past.

By the way, these are very important sites strategically, as they control the sea lanes connecting the Strait of Malacca and the Taiwan Strait. From there you can easily strengthen the Philippines and Brunei and Thailand.

In recent history, China began its quest to regain the Celestial Empire, that was an area stretching from the Russian Far East to Lake Bakal and most of southern Asia, by sending troops into Tibet, Inner Mongolia and Manchuria.

They are using nonmilitary assets to project Chinese influence around the region by exporting human beings. There are now over 60 million Chinese expatriates in surrounding countries operating businesses that generate almost \$700 billion a year, which is, by the way, almost equal to the entire Gross Domestic Product of the Communist Chinese.

Chinese now outnumber Russians. Chinese now outnumber Russians in Siberia. In 1995, the Russian Defense Minister Pavel Grachev warned the Chinese were in the process of making a peaceful conquest of the Russian Far East. Russians are fearful of this mass immigration, but the Chinese love it.

The outflow relieves unemployment. It facilitates trade and, more importantly, it strengthens the historical claims to the land. By the way, all this sounds unfortunately very familiar to some of the things that are happening in our own country and, again, about which I will speak more in the future.

There is a significant increase in activity of a variety of sorts in Tajikistan and Kazakhstan and Mongolia and Korea.

Eventually, the Chinese believe they will be in direct confrontation with the United States. Their military and political leaders have stated this on several occasions. We, however, would rather whistle past the graveyard, which by the way may well be the one that we would all rest in if China had their way.

Now many people disagree. Again they will say that the era of monolithic communism is dead and the era of democratic capitalism has replaced it. Well, philosophical communism is indeed a rotting corpse, but totalitarian communism is alive and well in the PRC. In fact, throughout the world, political oppression can and does coexist quite comfortably with various iterations of capitalism.

□ 1545

One can make the case that political freedom cannot long exist without economic freedom; but the opposite case that economic freedom leads inevitably to political liberty is much weaker.

In fact, let us look closely at China over the last 20 years of economic reforms. Today, remember, after the last 20 years of economic reforms where democratic capitalism was supposed to

have been making inroads in China, after 20 years of this, every major dissident in China has been jailed or they have been exiled.

According to the State Department nation report this year, thousands of unregistered religious institutions have been either closed or destroyed. Hundreds of Falun Gong have been imprisoned. Thousands more have been sentenced to, quote, reeducation camps or locked up in mental hospitals.

On April 23, the Chinese arrested a 79-year-old bishop and seven other Catholic clergymen in anticipation of problems arising out of the celebration of Easter. Two days ago, they arrested 35 Christians for worshipping outside their official church. They were sentenced to labor camps.

Speaking of labor camps, the number in China now stands around 1,100. These are places of human misery on a scale equivalent to anything seen in Nazi Germany or in the Soviet gulag. In fact, they have become an integral part of the Chinese economy through the sale of products made by slave labor. By the way, much of this can be found in almost every store in America. As we all know, China is the source the Pentagon went to to purchase the berets, the black berets that they were going to provide our military with.

A particularly lucrative industry has grown up around the harvesting and sale of human organs in China. Prisoners in these labor camps are categorized according to blood types and other pertinent information. When orders come in from around the world for certain body parts, the appropriate prisoners are slaughtered. Their organs are packed and sent off to the highest bidder.

In 1996, the Chinese Government admitted that 20,000 kidneys had been harvested from prisoners. By the way, in most cases, they took them two at a time.

All this is going on while American culture supposedly makes inroads into every part of the world and while the Internet provides a window to the world to all who can afford the hardware or get access to it. All this is going on subsequent to all the political strategies designed to bring China into the community of nations. It goes on after we pass PNTR. It will continue to go on until the United States and the rest of the world draw the proverbial line in the sand and make it clear that Chinese plans for basic regional and global hegemony are unattainable.

China may eventually be forced to accept the world as it is and accept that role as a peaceful participant in the March toward democratic capitalism. But it will not happen as a result of a policy of appeasement.

I worry, Mr. Speaker, about the fact that this Congress will be asked once again to approve normal trade relations with China because, although we passed over, certainly, my objection and that of many of our colleagues here, we did pass last year PNTR.

China has not, in fact, joined the WTO, the World Trade Organization. As a result of the fact that they have not yet joined the WTO, they have not achieved PNTR with the United States. So we will every year now until they are in the WTO, the President will still have to request normal trade relations with China. I fear that it will be extended to them.

Mr. Speaker, I will never forget what we went through here on this floor and in this body on the debate over that particular issue. I personally have never ever been lobbied more heavily, more pressure applied to try to get me to vote for normal trade relations with China.

Nothing that I ever dealt with here on the floor, not issues of abortion, not issues of gun-related laws, nothing matched the pressure that we faced from the corporate lobby in this Nation, the corporate lobby that puts profits above patriotism. That is the only way we can describe what they were doing here.

I will not call them American corporations because, Mr. Speaker, they had absolutely no allegiance to this country. They were much more concerned with that market they believed that existed in China. Really, what they wanted to do was import very cheap Chinese products and sell them in lucrative markets.

The idea that we were going to have a two-way trade was what they would constantly refer to. But, Mr. Speaker, that will never happen. First of all, there is no market there. Although there are certainly a billion and a half people, they cannot buy our products. They do not have the money, number one.

Number two, the Chinese Government will never allow massive trade with the United States. They only allow it going the other way, to the extent that we now sell to them only 2 percent of our exports, but we buy 40 percent of theirs.

Our trade imbalance with them last year was \$86 billion. This is what we called trade. It is not trade. It is an imbalance that is detrimental to the United States and to American workers. Not only that, it is detrimental to the security of the United States, because when we make China stronger economically, we in fact provide them with the means to build the armaments to threaten us eventually. Taiwan today, the United States tomorrow. I believe this to be true, Mr. Speaker. I believe that China is our most significant and most serious threat externally.

Now, let me get to the internal threat to the Nation. Since 1970, more than 40 million foreign citizens and their descendants have been added to the local communities of the United States. Last month, the New York Times reported the Nation's population grew by more in the 1990s than in any other decade in United States history.

For the first time since the 19th century, the population of all 50 States increased, with 80 percent of the American counties experiencing growth.

Demographic change on such a massive scale inevitably has created winners and losers here in America. It is time, in fact way past time, that we asked ourselves what is the level of immigration that is best for America; in fact, what is even the level of immigration that can help the rest of the world.

It is difficult to discuss this, because everyone here, certainly on this floor, all of us, all of my colleagues, everybody that we know as friends and relatives who are immigrants to this Nation and relatively recent. My family came here in the late 1800s.

So it is not immigrants in and of themselves with which we find fault. Certainly I do not. I understand entirely the desire for all of these people to come to the United States. I do not blame them. If I were in their situation, I am sure I would be trying to do exactly the same thing.

But we must ask each other, Mr. Speaker, we must as those of us who have been elected and the Nation's future put in our hands for at least this period of time, we must ask ourselves if massive immigration on the scale that we have been witnessing it over the last couple of decades is in fact the best thing for America from this point on.

Mr. Speaker, in the heyday of immigration into this Nation, in the late 1800s, in the early 1900s when my grandparents came here, the height of immigration, we call that the Golden Era, in fact we never had more than a couple hundred thousand immigrants a year during that period of time.

This year, and for every year for the last decade or more, we have had at least 1 million immigrants a year over that period of time. We have had about another 250,000 a year who come here every year under refugee status.

Now, I am going to try to explain what has happened here by the use of this chart. As my colleagues can see, in 1970, the population of the United States was 203 million. By the year 2000, the population had gone up to 281 million.

How much of this population increase can be attributed to immigration, and how much can be attributed to what we would call the natural, the birth rate of the people here that we refer to as the baby boomers and the people who are indigenous to the United States prior to this time?

The green area of this chart indicates what the growth in this country would have been, what the population of this Nation would have been in the year 2000, the 2000 census, had it not been for immigration. As my colleagues can see, it would have been about 243 million people. It is actually 281 million people.

By the way, this is a very low count because it does not really capture the

number of especially illegal immigrants who are here in the country, and there are millions and millions of them.

But one can see, Mr. Speaker, what I am talking about here, in that we have had almost the exact same growth rate from the baby boomer generation, we call the baby boom echo, because we are having an increased birth rate in the United States, and it will continue to increase until about the year 2020. It then levels off, and it actually starts downward. That is what we would call the natural birth rate here in the United States taking out immigration.

But the fact is that immigrants and their descendants amount to almost exactly as much growth in the last 10 years as the entire baby boom echo, bringing this up to 281 million.

Mr. Speaker, there was a time when this land could absorb this kind of population growth. But I suggest to my colleagues that every single day on the floor of this House, when Members of the Democratic Party get up and talk about their problems, the problems in California especially, the problems with energy consumption in the United States generally, they always blame it on the producers, the price gouging electric producers, power producers.

Even we, Mr. Speaker, on the other side trying to explain supply and demand to those people who have a desire to not listen miss the important point that this particular thing plays in the debate over natural resources in the United States.

Mr. Speaker, I suggest to my colleagues that what we are seeing in California today we are going to see happen throughout the United States as a result of massive population increases, increases in population that force a demand on resources. It is a natural function.

We are actually in many States below where we were several years ago in per capita use of resources, per capita use of energy resources specifically. We have been able to conserve enough. We have been able to improve products. We have been able to do a number of things that actually have reduced per capita usage.

But it does not matter when the number of people in this country keeps climbing so dramatically. I want to tell my colleagues how dramatic it is going to be with this other chart here.

I just returned recently, I had an opportunity to speak in Los Angeles. As most people know, Los Angeles is a city that is inundated with immigration. The numbers of people are growing dramatically. I have to tell my colleagues that, for the most part, it has affected the quality of life in that city.

A lot of people I talk to actually use the phrase we have escaped from Los Angeles. They had moved to all the areas in the suburbs outside. Many, many more people I know living in my own community in my district came from California, and they came because they said it is a quality of life issue.

It is absolutely true that the quality of life has been eroding both in Los Angeles and other areas where massive numbers of people are congregated. We find that as a result, of course, tremendous demands are placed on resources.

We recognize that what was just yesterday a beautiful pasture is today sprouting houses. We recognize that where we took a walk with our dog and with our family maybe just a few months ago is now some sort of industrial park development. A road is coming through in an area that was a pleasant pasture land a short time ago.

In Colorado, we are forced with enormous expenditures for infrastructural development all to meet what, population growth. Population growth. A lot of people think to themselves, well, gosh, is it the case that we are having such an enormous growth of population just internally in this country? Because I know most people are quite concerned. I mean, the two-child family, a lot of people recognize that that is what is, maybe, the optimum number, and they try very much to achieve just that goal.

Well, it is not that birth rate that we are concerned about. It is not the natural birth rate in the country that will propel us into this dire strait that is the expansion of the Los Angeles all over the United States of America.

Nothing against the people who live there in Los Angeles. Many people I am sure love it. But I will tell my colleagues that it is a megalopolis by anybody's definition, and it faces some of the most difficult situations of any city in the United States as a result of that.

That is what I am referring to when I talk about the fact that we are expanding. That is exactly what cities are going to be looking like all over the United States in a relatively short time because this chart shows what is going to happen.

□ 1600

This is the dramatic evidence of population and what will happen if we continue to have immigration at this particular level. This does not presume to define what will happen to the population because of legal immigration. Remember, this is just what is going to happen by the year 2100 to the population of the United States of America if we allow immigration to continue at the numbers that we have today.

Again, I have to reiterate, it does not count the fact that we are doubling our immigration rate every year with illegal immigrants. About 1 million illegals come in every year. About 2 to 3 million we gain. Nobody is really sure, of course, we cannot really count them all that easily, but the best prediction we have of this is that 2 to 3 million a year are net gains. So, in fact, this doubles. This doubles if present trends continue, 571 million at 2100.

Then where will our cities be? Then how much will gas prices be? How difficult will it be for us to deliver natural gas from one place to another?

How much will it cost to do that? What will the smog be like in these cities? What will be the quality of life for Americans in the year 2100 if we allow immigration to continue at this level?

Mr. Speaker, I suggest that it is nothing any of us here would like to think of. We cannot describe it as a pleasant place to be under these circumstances. That is why I characterize this as a threat, almost equal with the threat posed to the United States externally by aggressor nations.

This is happening, and we are doing it. We have the ability to control this, Mr. Speaker. This is something we can handle because in fact we have the power in this body to control immigration, at least to try to bring it under control. Certainly there will always be people coming across our borders illegally, but we have to at least try to preserve the integrity of the border. We must at least try to reduce immigration.

Can we handle 50,000 a year? Yes. Can we handle 100,000 a year? Yes. Can we handle 150,000 a year? Okay. Give me 200,000 a year, but not a million a year legally and twice that many illegally. We cannot handle it. It is the numbers. It is not where they come from. I do not care where they are coming from, whether it is Mexico or Guatemala or China or Cuba or Haiti. I do not care. The place of origin is not important; it is the numbers. It is the numbers. This is not a racial issue. It is the numbers.

I am somewhat discouraged because it is so difficult to get this subject dealt with openly, even, as I say, here in this body. People are afraid to discuss it. People choose to avoid it. As I was walking over here with the staff person carrying these charts, we were walking through the tunnel area coming over and another Member of the House walked by and he said, oh, you are going to do a Special Order? I said, yes. He said, what about? I said, immigration. I am trying to talk about immigration control. He said, oh, brother, good luck. He said good luck because he knows that this is not a popular subject. It is very difficult to get my colleagues to really want to focus on it, but I think it is an enormously important thing for us to do.

We control immigration. No State does. No State has the ability to establish numbers for the people coming in. They cannot control their own borders. That is uniquely the territory of the United States, the Federal Government. It is our responsibility. It is a responsibility, Mr. Speaker, that I think we have abdicated. We have done so for a lot of reasons. We have abdicated this responsibility, to a certain extent, and have allowed this massive immigration because there are political implications to this. And, yes, I will say it, political parties and specific individuals within political parties want to manipulate and use immigration as a political tool.

We all recall that in the last administration, the President, then-President

Clinton, forced the INS to go through this hurry-up process to bring all these people in and give them citizenship. Well, why, I wonder? Why did he force them to ratchet up the time frame involved, shorten the time frame involved and ratchet up their energy to get all these people registered, get them all in here in the United States, get them to be citizens, get them registered? Because, of course, they turn into Democrat votes. Let us be serious about this. We all recognize the politics of this issue.

I know it is another one of those things nobody likes to say, but it is the truth. And as a result of the fact that these populations are, and I will say it, manipulated, and I believe they are manipulated by political parties and by politicians, we are going to find it difficult to actually bring the numbers down.

Now, that is one thing that has done it. The other thing, of course, has been business. Businesses in the United States are very, very content to continue to hire people, immigrants coming in here legally and illegally. Why? Because they will work for less. It is not nuclear science here we are talking about. If I can hire somebody for a lot less than I would have to pay someone who is a citizen of the United States, I am tempted to do it. They are not supposed to. There are supposed to be laws against it. But everyone knows that they are regularly ignored. We all know the INS does absolutely nothing to actually enforce those laws. Once in a while, a little tiny feint here or there, a raid here or there to pretend they care. But in reality this is not an area where INS pays any attention.

I hear this from my community and from people all the time, from employers who say, TANCREDO, I wish you would get off this thing, this immigration issue. I hire a lot of people who I know are here illegally, but I have to do it anyway. They will admit it. And certainly they will admit to hiring illegal immigrants because they can pay them less. Well, is that in the immigrant's best interest?

I mentioned earlier there are two interests here: What can America do for our own people, and what can we do for the rest of the world? Mr. Speaker, I suggest that people coming here and working for low wages are continually exploited. They are exploited by business. They are even exploited by the labor unions. And they are exploited by the people who bring them here, the "coyotes" they are called, people who pack them into vans and on the back of trucks, or packed in with other kinds of products in order to get them across the border, sometimes dead. We have had, in the last months in Colorado, several cases where people were found dead. Perhaps their car was in an accident. A van was in an accident not too long ago, and 13 people were killed in the van, and several others hurt, in a small van. They were all smashed in there.

They are coming across the borders in greater numbers. They are risking life and limb to get here. And I do not blame them for doing it. I do not blame the immigrants. I blame our government for not being willing to deal with this issue. It is extremely difficult for us to bring issues like this forward, but I will continue to do it as long as I have the opportunity to do so.

There is a June 11 special issue of "Time" magazine entitled "The Border is Vanishing." It says: "The Border is Vanishing Before Our Eyes Creating a New World for All of Us. Welcome to Amexico," their world is called. A world, of course, in which English is not spoken, a world in which the numbers, the population numbers, are affecting the quality of life in the way I have described and is described in this "Time" magazine article.

This is something with which we must deal, even if it is difficult to think about it. We have to do so. It is our responsibility as people who have taken an oath to defend this Nation against all enemies, external and internal. And I am not saying that immigrants are internal enemies. I am saying that immigration is a threat, huge massive immigration on the scale with which we have now observed it to these many years is a threat to this Nation. And this is the best example I can provide to prove that.

This is where we will be, Mr. Speaker. This is not a place I think most of us would find appropriate or most of us would want our children to be living in. We want to bequeath them something else, both the children of people who have been here for a long time and I believe the children of recent immigrants.

I think many recent immigrants, Mr. Speaker, as a matter of fact, agree with us on this issue, agree with us that a cap has got to be put on it. It is the old thing about, I'm here, now you can shut the door. But they recognize the impact that massive immigration, legal and illegal, has. It is not just people who have been here for a long period of time.

So I do really hope that we will take serious account of these two issues, the issue of the threats posed to the United States, again externally by the People's Republic of China, and internally by massive uncontrolled immigration of this nature.

#### REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 324

Mr. DEAL of Georgia. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 324. It was inadvertently added without my permission.

The SPEAKER pro tempore (Mr. ISSA). Is there objection to the request of the gentleman from Georgia?

There was no objection.

## SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PALLONE) to revise and extend their remarks and include extraneous material:)

Mr. PALLONE, for 5 minutes, today.

Mr. DEFAZIO, for 5 minutes, today.

Mr. UNDERWOOD, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

Mr. ROEMER, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Ms. CARSON of Indiana, for 5 minutes, today.

(The following Members (at the request of Mr. ENGLISH) to revise and extend their remarks and include extraneous material:)

Mr. HULSHOF, for 5 minutes, today.

Mr. BUYER, for 5 minutes, today.

Mr. JONES of North Carolina, for 5 minutes, today and June 19.

Mr. PENCE, for 5 minutes, today.

Mr. HUNTER, for 5 minutes, today.

## EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was given to:

Mr. POMBO and to include extraneous material, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost \$3,380.

## ADJOURNMENT

Mr. DEAL of Georgia. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 11 minutes p.m.), under its previous order, the House adjourned until Monday, June 18, 2001, at 2 p.m.

EXECUTIVE COMMUNICATIONS,  
ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

2494. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting the Department's final rule—Karnal Bunt; Regulated Areas [Docket No. 01-058-1] received June 12, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2495. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting the Department's final rule—Importation of Mangoes from the Philippines [Docket No. 93-131-2] received June 12, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2496. A letter from the Acting Deputy General Counsel, Small Business Administration, transmitting the Administration's final rule—PRIME Act Grants (RIN: 3245-AE52) received June 11, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

2497. A letter from the Senior Legal Advisor to the Bureau Chief, Mass Media Bureau, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.622(b), Table of Allotments, Digital Television Broadcast Stations (Temple, Texas) [MM Docket No. 01-46; RM-10046] received June 12, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2498. A letter from the Senior Legal Advisor to the Bureau Chief, Mass Media Bureau, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.622(b), Table of Allotments, Digital Television Broadcast Stations (Salinas, California) [MM Docket No. 99-269; RM-9698] received June 12, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2499. A letter from the Senior Legal Advisor to the Bureau Chief, Mass Media Bureau, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.622(b), Table of Allotments, Digital Television Broadcast Stations (Little Rock, Arkansas) [MM Docket No. 01-50; RM-10059] received June 12, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2500. A letter from the Senior Legal Advisor to the Bureau Chief, Mass Media Bureau, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.622(b), Table of Allotments, Digital Television Broadcast Stations (Merced, California) [MM Docket No. 01-41; RM-10058] received June 12, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2501. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification of a proposed transfer of U.S.-origin defense articles pursuant to Section 3 of the Arms Export Control Act (AECA); to the Committee on International Relations.

2502. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 14-69, "Advisory Neighborhood Commission Temporary Amendment Act of 2001" received June 14, 2001, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

2503. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 14-71, "Real Property Tax Assessment Transition Temporary Act of 2001" received June 14, 2001, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

2504. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 14-70, "Earned Income Tax Credit Act of 2001" received June 14, 2001, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

2505. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 14-72, "Department of Mental Health Establishment Temporary Amendment Act of 2001" received June 14, 2001, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

2506. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 14-67, "Arena Fee Rate Adjustment and Elimination Act of 2001" received June 14, 2001, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

2507. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 14-74, "51 Percent District Residents New Hires Amendment Act of 2001" received June 14, 2001, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

2508. A letter from the Comptroller General, General Accounting Office, transmitting a list of all reports issued or released in April 2001, pursuant to 31 U.S.C. 719(h); to the Committee on Government Reform.

2509. A letter from the Comptroller General, General Accounting Office, transmitting a list of all reports issued or released in March 2001, pursuant to 31 U.S.C. 719(h); to the Committee on Government Reform.

2510. A letter from the Chair, Corporation for Public Broadcasting, transmitting the semiannual report on the activities of the Office of Inspector General for the period October 1, 2000 through March 31, 2001, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

2511. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 14-68, "Child Fatality Review Committee Establishment Temporary Act of 2001" received June 14, 2001, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

2512. A letter from the Assistant Attorney General, Department of Justice, transmitting a report pursuant to the Federal Vacancies Reform Act of 1998; to the Committee on Government Reform.

2513. A letter from the Acting Director, Office of Personnel Management, transmitting the semiannual report on activities of the Inspector General for the period of October 1, 2000, through March 31, 2001, and the Management Response for the same period, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

2514. A letter from the Acting Commissioner, Social Security Administration, transmitting the semiannual report on the activities of the Office of Inspector General for the period October 1, 2000 through March 31, 2001, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

2515. A letter from the Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's final rule—Migratory Bird Hunting; Regulations Designed to Reduce the Mid-Continent Light Goose Population (RIN: 1018-A100) received June 11, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

2516. A letter from the Acting Director, Fish and Wildlife Service, Department of the Interior, transmitting the Department's final rule—Endangered and Threatened Wildlife and Plants; Establishment of Non-essential Experimental Population Status for 16 Freshwater Mussels and 1 Freshwater Snail (Anthony's Riversnail) in the Free-flowing Reach of the Tennessee River below the Wilson Dam, Colbert and Lauderdale Counties, Alabama (RIN: 1018-AE92) received June 11, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

2517. A letter from the Acting Assistant Secretary, Bureau of Land Management, Department of the Interior, transmitting the Department's "Major" final rule—Mining Claims Under the General Mining Laws; Surface Management [WO-320-1990-PB-24 1A] (RIN: 1004-AD22) received June 14, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

2518. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the Department's final rule—Documentation of Immigrants and Non-immigrants Under The Immigration and Nationality Act, As Amended—Refusal of Individual Visas—received June 11, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

2519. A letter from the the Adjutant General, the Veterans of Foreign Wars of the U.S., transmitting proceedings of the 101th



National Convention of the Veterans of Foreign Wars of the United States, held in Milwaukee, Wisconsin, August 20-25, 2000, pursuant to 36 U.S.C. 118 and 44 U.S.C. 1332; (H. Doc. No. 107-88); to the Committee on Veterans' Affairs and ordered to be printed.

2520. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Weighted Average Interest Rate Update [Notice 2001-36] received June 11, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

2521. A letter from the Deputy Secretary, Department of Defense, transmitting a Report on Proposed Obligations for Weapons Destruction and Non-Proliferation in the Former Soviet Union; jointly to the Committees on Armed Services and International Relations.

2522. A letter from the Director, Defense Security Cooperation Agency, transmitting a report authorizing the transfer of up to \$100M in defense articles and services to the Government of Bosnia-Herzegovina, pursuant to Public Law 104-107, section 540(c) (110 Stat. 736); jointly to the Committees on International Relations and Appropriations.

2523. A letter from the Regulations Coordinator, Department of Health and Human Services, transmitting the Department's final rule—Medicare Program; Provisions of the Benefits Improvement and Protection Act of 2000; Inpatient Payments and Rates and Costs of Graduate Medical Education [HCFA-1178-IFC] (RIN: 0938-AK74) received June 14, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); jointly to the Committees on Ways and Means and Energy and Commerce.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SENSENBRENNER: Committee on the Judiciary. H.R. 169. A bill to require that Federal agencies be accountable for violations of antidiscrimination and whistleblower protection laws, and for other purposes; with an amendment (Rept. 107-101 Pt. 1). Ordered to be printed.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. CANNON:

H.R. 2171. A bill to require that the Bureau of the Census prepare and submit to Congress a detailed plan for counting overseas Americans in future decennial censuses, and for other purposes; to the Committee on Government Reform.

By Mr. GREENWOOD (for himself, Mr. WOLF, Mr. OWENS, Mr. NEAL of Massachusetts, Mr. PALLONE, Mrs. MCCARTHY of New York, Mr. DEUTSCH, Mr. GILLMOR, and Ms. DEGETTE):

H.R. 2172. A bill to amend the Federal Food, Drug, and Cosmetic Act with respect to the cloning of humans, and for other purposes; to the Committee on Energy and Commerce.

By Mr. MCGOVERN (for himself, Mr. SIMPSON, Mr. RUSH, Mr. SHIMKUS, Mr. ROSS, Mr. WHITFIELD, Mr. PICKERING, Mr. SHOWS, Ms. MCKINNEY, and Mr. LANGEVIN):

H.R. 2173. A bill to amend the Public Health Service Act with respect to health

professions programs regarding the practice of pharmacy; to the Committee on Energy and Commerce.

By Mr. CALVERT (for himself, Ms. WOOLSEY, Mr. BOEHLERT, Mr. SMITH of Michigan, Mr. BARTLETT of Maryland, Mr. EHLERS, Mr. LARSON of Connecticut, Mr. PETERSON of Minnesota, Mrs. MORELLA, Mrs. BIGGERT, Mr. BACA, Ms. RIVERS, Mr. HALL of Texas, and Mr. GARY G. MILLER of California):

H.R. 2174. A bill to reauthorize and amend the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990, and for other purposes; to the Committee on Science.

By Mr. CHABOT (for himself, Mrs. MYRICK, Ms. HART, Mr. SMITH of New Jersey, Mr. WELLER, Mr. GREEN of Wisconsin, Mr. SHOWS, Mr. WOLF, Mr. PICKERING, Mr. BAKER, Mr. PHELPS, Mr. MICA, Mr. ISTOOK, Mr. WELDON of Florida, Mr. TIBERI, Mr. DOOLITTLE, Mr. DEMINT, Mr. HANSEN, Mr. WAMP, Mr. LARGENT, Mr. ENGLISH, Mr. RILEY, Mr. BURTON of Indiana, Mr. BARTLETT of Maryland, Mr. PAUL, Mr. BACHUS, Mr. VITTER, Mr. CANTOR, Mr. ADERHOLT, Mr. TERRY, Mr. HAYES, Mr. LEWIS of Kentucky, Mr. OXLEY, Mr. COLLINS, Mr. KELLER, Mr. OBERSTAR, Mr. SOUDER, Mr. POMBO, Mr. CAMP, Mr. HOSTETTLER, Mr. GOODLATTE, Mr. LIPINSKI, Mr. HILLEARY, Mr. STEARNS, Mr. THUNE, Mr. BLUNT, Mr. LUCAS of Kentucky, Mr. PITTS, Mr. HYDE, Mr. SESSIONS, Mr. CRANE, Mr. DEAL of Georgia, Mr. LANGEVIN, Mr. PENCE, Mr. TAYLOR of Mississippi, Mr. ARMEY, Mr. HALL of Texas, Mr. NORWOOD, Mr. WICKER, Mr. AKIN, Mr. BRADY of Texas, Mr. GARY G. MILLER of California, Mr. BARCIA, Mr. DELAY, Mrs. JO ANN DAVIS of Virginia, Mr. PORTMAN, Mr. EVERETT, Mr. GRAVES, Mr. CANNON, Mr. TIAHRT, Mr. RYAN of Wisconsin, Mr. NEY, Mr. ROGERS of Michigan, Mrs. EMERSON, and Mr. KING):

H.R. 2175. A bill to protect infants who are born alive; to the Committee on the Judiciary.

By Mr. BAIRD (for himself and Mr. ANDREWS):

H.R. 2176. A bill to amend the Internal Revenue Code of 1986 to provide disaster relief for homeowners; to the Committee on Ways and Means.

By Mr. CALVERT (for himself, Mr. ORTIZ, Mr. LUCAS of Oklahoma, Mr. FOLEY, Mr. BARTLETT of Maryland, Mr. BACA, Mr. MCKEON, Mr. LEWIS of California, Mr. SENSENBRENNER, Mr. SKEEN, Mr. WELDON of Florida, Mr. REHBERG, Mr. SANDLIN, Mr. REYES, and Mrs. CAPPS):

H.R. 2177. A bill to amend the Internal Revenue Code of 1986 to encourage the timely development of a more cost effective United States commercial space transportation industry, and for other purposes; to the Committee on Ways and Means.

By Mr. CARDIN (for himself, Mr. STARK, Mr. KLECZKA, Mr. LEVIN, Mrs. THURMAN, Mr. COYNE, Mr. TOWNS, Mr. LEWIS of Georgia, Mr. BENTSEN, Ms. HOOLEY of Oregon, Mr. JEFFERSON, and Mr. WAXMAN):

H.R. 2178. A bill to amend the Internal Revenue Code of 1986 and title XVIII of the Social Security Act to provide for comprehensive financing for graduate medical education; to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provi-

sions as fall within the jurisdiction of the committee concerned.

By Mrs. DAVIS of California:

H.R. 2179. A bill to amend the Internal Revenue Code of 1986 to allow a refundable credit for expenditures for renewable energy property; to the Committee on Ways and Means.

By Mr. TOM DAVIS of Virginia (for himself, Mr. GILLMOR, Mr. GREEN of Wisconsin, Mr. SWEENEY, Ms. GRANGER, Mr. TOWNS, Mr. LINDER, Mr. FERGUSON, Mr. COLLINS, Mr. SCHROCK, Mrs. BONO, Mr. PETERSON of Minnesota, Mr. GRUCCI, Mr. TERRY, and Mr. DOYLE):

H.R. 2180. A bill to amend the Federal Food, Drug, and Cosmetic Act to grant the Secretary of Health and Human Services the authority to regulate tobacco products, and for other purposes; to the Committee on Energy and Commerce.

By Mr. DEFazio (for himself, Mr. NORWOOD, Ms. HOOLEY of Oregon, Mr. SHOWS, Mr. BOYD, Mr. TAYLOR of Mississippi, Mr. BAIRD, Mr. GRAHAM, Mr. ROSS, Mr. PICKERING, Mr. McNULTY, Mr. LEWIS of Georgia, Mr. CALLAHAN, Mr. THOMPSON of Mississippi, Ms. KAPTUR, Ms. MCCOLLUM, Mr. KUCINICH, and Ms. DEGETTE):

H.R. 2181. A bill to impose certain restrictions on imports of softwood lumber products of Canada; to the Committee on Ways and Means.

By Mr. DOYLE (for himself, Mr. EVANS, Mr. WYNN, Mr. BALDACCIO, and Mr. COYNE):

H.R. 2182. A bill to amend title 38, United States Code, to revise the computation of retirement annuities for part-time employment by persons employed by the Department of Veterans Affairs under that title; to the Committee on Veterans' Affairs.

By Mr. ENGEL:

H.R. 2183. A bill to amend the Safe Drinking Water Act to allow public water systems to avoid filtration requirements, and for other purposes; to the Committee on Energy and Commerce.

By Mr. ENGEL (for himself, Mr. TERRY, Ms. KILPATRICK, Mr. SANDERS, and Ms. MCKINNEY):

H.R. 2184. A bill to amend the Internal Revenue Code of 1986 to expand the energy credit to include investment in property which produces energy from certain renewable sources and expenditures for cool roofing, and for other purposes; to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. GOODLATTE (for himself, Mr. HALL of Ohio, Ms. HART, Mr. COOKSEY, and Mrs. EMERSON):

H.R. 2185. A bill to amend the Food Stamp Act of 1977 to require the Secretary of Agriculture to purchase additional commodities for distribution, and for other purposes; to the Committee on Agriculture.

By Mr. GOODLATTE:

H.R. 2186. A bill to amend the Soil Conservation and Domestic Allotment Act to ensure that States and local governments can quickly and safely remove flood debris so as to reduce the risk and severity of subsequent flooding; to the Committee on Agriculture.

By Mr. HEFLEY (for himself, Mr. UDALL of Colorado, and Mr. MCINNIS):

H.R. 2187. A bill to amend title 10, United States Code, to make receipts collected from mineral leasing activities on certain naval oil shale reserves available to cover environmental restoration, waste management, and environmental compliance costs incurred by the United States with respect to the reserves; to the Committee on Resources, and

in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HERGER:

H.R. 2188. A bill to amend the Older Americans Act of 1965 to permit States to allow the issuance of vouchers to older individuals to obtain nutrition services provided under such Act; to the Committee on Education and the Workforce.

By Mrs. JOHNSON of Connecticut (for herself, Mr. JEFFERSON, Mr. MCCRERY, Mr. SPENCE, Mr. HUNTER, Mr. WELDON of Pennsylvania, Mr. TAYLOR of Mississippi, Mr. SAXTON, Mr. SIMMONS, Mr. MALONEY of Connecticut, Mrs. JO ANN DAVIS of Virginia, Mr. SCHROCK, Mr. CUNNINGHAM, Mr. WICKER, Mr. VITTER, Mr. COOKSEY, Mr. CANTOR, Mr. SCOTT, Mr. PICKERING, and Mr. SHOWS):

H.R. 2189. A bill to amend the Internal Revenue Code of 1986 to allow the use of completed contract method of accounting in the case of certain long-term naval vessel construction contracts; to the Committee on Ways and Means.

By Ms. MCCARTHY of Missouri (for herself, Mr. LARSEN of Washington, and Mr. BLUNT):

H.R. 2190. A bill to reauthorize and revise the Renewable Energy Production Incentive program, and for other purposes; to the Committee on Energy and Commerce.

By Mr. MCCRERY:

H.R. 2191. A bill to suspend temporarily the duty on 2-methyl imidazole; to the Committee on Ways and Means.

By Mr. MCCRERY:

H.R. 2192. A bill to reduce temporarily the duty on hydroxylamine free base; to the Committee on Ways and Means.

By Mr. MCCRERY:

H.R. 2193. A bill to suspend temporarily the duty on prenol; to the Committee on Ways and Means.

By Mr. MCCRERY:

H.R. 2194. A bill to suspend temporarily the duty on 1-methyl imidazole; to the Committee on Ways and Means.

By Mr. MCCRERY:

H.R. 2195. A bill to suspend temporarily the duty on formamide; to the Committee on Ways and Means.

By Mr. MCCRERY:

H.R. 2196. A bill to suspend temporarily the duty on Michler's ethyl ketone; to the Committee on Ways and Means.

By Mr. MCCRERY:

H.R. 2197. A bill to suspend temporarily the duty on vinyl imidazole; to the Committee on Ways and Means.

By Mr. GEORGE MILLER of California (for himself, Ms. KAPTUR, Mr. STRICKLAND, Mr. OLVER, Mr. STARK, Ms. JACKSON-LEE of Texas, Mr. BALDACC, Mr. DEFazio, Mr. MCGOVERN, Ms. ESHOO, Mrs. CHRISTENSEN, Ms. MILLENDER-MCDONALD, Mr. FARR of California, Mr. SANDLIN, Ms. WOOLSEY, Mrs. MALONEY of New York, Mr. BROWN of Ohio, Mr. HILLIARD, Mr. WAXMAN, Mr. PAYNE, Mr. KENNEDY of Rhode Island, Mr. KILDEE, Mr. BONIOR, Ms. MCKINNEY, Mr. LANTOS, Mr. MCDERMOTT, Mr. RANGEL, Mr. FRANK, Ms. RIVERS, Ms. SCHAKOWSKY, Ms. SOLIS, and Ms. CARSON of Indiana):

H.R. 2198. A bill to meet the mental health and substance abuse treatment needs of incarcerated children and youth; to the Committee on Education and the Workforce, and in addition to the Committees on Energy and Commerce, and the Judiciary, for a period to

be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Ms. NORTON:

H.R. 2199. A bill to amend the National Capital Revitalization and Self-Government Improvement Act of 1997 to permit any Federal law enforcement agency to enter into a cooperative agreement with the Metropolitan Police Department of the District of Columbia to assist the Department in carrying out crime prevention and law enforcement activities in the District of Columbia if deemed appropriate by the Chief of the Department and the United States Attorney for the District of Columbia, and for other purposes; to the Committee on Government Reform.

By Mr. NUSSLE:

H.R. 2200. A bill to amend the Internal Revenue Code of 1986 to permit financial institutions to determine their interest expense deduction without regard to tax-exempt bonds issued to provide certain small loans for health care or educational purposes; to the Committee on Ways and Means.

By Mr. PETERSON of Minnesota:

H.R. 2201. A bill to amend title 38, United States Code, Section 1114 to increase the compensation for disabled veterans who require aid and attendance; to the Committee on Veterans' Affairs.

By Mr. REHBERG:

H.R. 2202. A bill to convey the Lower Yellowstone Irrigation Project, the Savage Unit of the Pick-Sloan Missouri Basin Program, and the Intake Irrigation Project to the pertinent irrigation districts; to the Committee on Resources.

By Mr. REYES (for himself and Mr. THORNBERRY):

H.R. 2203. A bill to amend title 10, United States Code, to authorize disability retirement to be granted posthumously for members of the Armed Forces who die in the line of duty while on active duty, and for other purposes; to the Committee on Armed Services.

By Mr. RUSH:

H.R. 2204. A bill to establish a Consumer Energy Commission to assess and provide recommendations regarding recent energy price spikes from the perspective of consumers; to the Committee on Energy and Commerce.

By Mr. SIMMONS:

H.R. 2205. A bill to amend title 49, United States Code, to promote the cooperation of Amtrak with local governments in the implementation of activities to enhance railroad property and structures; to the Committee on Transportation and Infrastructure.

By Mr. TERRY (for himself, Mr. BRADY of Texas, Mr. MANZULLO, Mr. BILIRAKIS, Mr. BARTON of Texas, Mr. SHIMKUS, Mr. GRAVES, Mr. ISAKSON, Ms. KILPATRICK, Mr. SANDERS, Ms. MCKINNEY, and Mr. WU):

H.R. 2206. A bill to amend the Internal Revenue Code of 1986 to allow a credit against income tax for certain energy efficient property placed in service or installed in an existing principal residence or property used by businesses; to the Committee on Ways and Means.

By Mrs. THURMAN:

H.R. 2207. A bill to amend the Internal Revenue Code of 1986 to provide that the volume cap for private activity bonds shall not apply to bonds for water and sewage facilities; to the Committee on Ways and Means.

By Mr. WATT of North Carolina (for himself, Ms. WATERS, and Mr. FRANK):

H.R. 2208. A bill to amend the Real Estate Settlement Procedures Act of 1974 to require

the payment of interest on escrow and impoundment accounts established for the payment of taxes and fire and hazard insurance premiums on property securing a federally related mortgage loan; to the Committee on Financial Services.

By Mr. ISAKSON:

H. Con. Res. 161. Concurrent resolution honoring the 19 United States servicemen who died in the terrorist bombing of the Khobar Towers in Saudi Arabia on June 25, 1996; to the Committee on Armed Services.

By Mr. KNOLLENBERG (for himself, Mr. CROWLEY, Mr. PALLONE, and Mr. SWEENEY):

H. Con. Res. 162. Concurrent resolution expressing the sense of the Congress regarding oil and gas pipeline routes in the South Caucasus; to the Committee on International Relations.

By Mr. WATTS of Oklahoma (for himself and Mr. DAVIS of Illinois):

H. Con. Res. 163. Concurrent resolution recognizing the historical significance of Juneteenth Independence Day and expressing the sense of Congress that history be regarded as a means of understanding the past and solving the challenges of the future; to the Committee on Government Reform.

By Ms. JACKSON-LEE of Texas (for herself, Mr. EDWARDS, Mr. ORTIZ, Mr. RODRIGUEZ, Mr. REYES, Mr. EVANS, Mr. GREEN of Texas, Mr. TURNER, Mr. BENTSEN, Mr. DELAY, Mr. CULBERSON, Mr. BARTON of Texas, Mr. BRADY of Texas, Mr. SAM JOHNSON of Texas, Mr. SANDLIN, Mr. LAMPSON, Mr. FROST, and Ms. EDDIE BERNICE JOHNSON of Texas):

H. Res. 166. A resolution recognizing the outstanding and invaluable disaster relief assistance provided by individuals, organizations, businesses, and other entities to the people of Houston, Texas, and surrounding areas during the devastating flooding caused by tropical storm Allison; to the Committee on Transportation and Infrastructure.

By Ms. CARSON of Indiana (for herself, Mr. BISHOP, Mrs. CHRISTENSEN, Mr. CLAY, Mrs. CLAYTON, Mr. CLYBURN, Mr. CONYERS, Mr. CUMMINGS, Mr. DAVIS of Illinois, Mr. FATTAH, Mr. HASTINGS of Washington, Mr. HILLIARD, Mr. JACKSON of Illinois, Ms. EDDIE BERNICE JOHNSON of Texas, Ms. LEE, Ms. JACKSON-LEE of Texas, Mr. LEWIS of Georgia, Ms. MILLENDER-MCDONALD, Ms. MCKINNEY, Mr. MEEKS of New York, Ms. NORTON, Mr. OWENS, Mr. PAYNE, Mr. SCOTT, Mr. THOMPSON of Mississippi, Mr. TOWNS, Ms. WATSON, Mr. WATT of North Carolina, and Mr. WYNN):

H. Res. 167. A resolution encouraging and promoting greater involvement of fathers in their children's lives, especially on Father's Day; to the Committee on Education and the Workforce.

## MEMORIALS

Under clause 3 of rule XII, memorials were presented and referred as follows:

109. The SPEAKER presented a memorial of the General Assembly of the State of Missouri, relative to a Resolution memorializing the United States Congress to and the Department of Agriculture to grant a waiver for Agramarke Quality Grains, Inc. for development in St. Joseph, Missouri, to allow Agramarke to qualify for rural development economic incentive programs; to the Committee on Agriculture.

110. Also, a memorial of the Legislature of the State of Louisiana, relative to Senate Concurrent Resolution No. 64 memorializing

the United States Congress to increase federal aid to Louisiana farmers; to the Committee on Agriculture.

111. Also, a memorial of the Legislature of the State of Louisiana, relative to Senate Concurrent Resolution No. 32 memorializing the United States Congress to use the powers at its disposal to commission the Department of Energy to establish a national energy policy, which should pursue a long-term remedy to problems by providing incentives for immediate domestic natural gas exploration and production, including opening untapped natural gas reserves; to the Committee on Energy and Commerce.

112. Also, a memorial of the Legislature of the State of Maine, relative to a Joint Resolution memorializing the United States Congress to make federal rules and regulations to allow the development of Medicare supplement insurance policies offering greater prescription drug coverage than is currently available; jointly to the Committees on Ways and Means and Energy and Commerce.

113. Also, a memorial of the General Assembly of the State of Missouri, relative to Senate Concurrent Resolution No. 28 memorializing the United States Congress to actively address the issue of fuel prices and take immediate actions necessary to reduce our nation's dependency on foreign petroleum sources; jointly to the Committees on Energy and Commerce, Resources, and Science.

#### ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 28: Mr. RODRIGUEZ.  
H.R. 31: Mr. KERNS.  
H.R. 41: Mrs. DAVIS of California.  
H.R. 68: Mr. ISRAEL.  
H.R. 85: Mr. EVANS.  
H.R. 123: Mr. CRANE.  
H.R. 267: Mr. EVANS.  
H.R. 296: Ms. SOLIS.  
H.R. 303: Mr. LARSON of Connecticut.  
H.R. 317: Mr. MCGOVERN.  
H.R. 325: Mr. BLAGOJEVICH and Mr. NORWOOD.  
H.R. 356: Mr. MCGOVERN and Mrs. CAPITO.  
H.R. 440: Mr. TIERNEY and Mr. DEFazio.  
H.R. 507: Mr. KERNS.  
H.R. 526: Mr. NORWOOD, Mr. SMITH of New Jersey, Mr. BARR of Georgia, Mr. DOGGETT, Mr. LARSEN of Washington, Mr. BACA, Ms. MCKINNEY, Mr. MURTHA, Mr. BARCIA, Mr. BLAGOJEVICH, Mr. NEAL of Massachusetts, Mr. MORAN of Virginia, Mr. SHOWS, Mrs. CHRISTENSEN, and Mr. HILL.  
H.R. 538: Mr. WU.  
H.R. 590: Mr. BENTSEN.  
H.R. 602: Mrs. BIGGERT.  
H.R. 612: Mr. SMITH of Washington, Mrs. MCCARTHY of New York, and Mrs. JOHNSON of Connecticut.  
H.R. 619: Ms. SOLIS.  
H.R. 656: Mr. PAUL and Mr. BURTON of Indiana.  
H.R. 659: Ms. CARSON of Indiana.  
H.R. 662: Mr. PHELPS and Mr. EHLERS.  
H.R. 692: Mr. RADANOVICH and Mr. OTTER.  
H.R. 746: Mrs. CAPITO.  
H.R. 751: Mr. MCHUGH.  
H.R. 757: Mr. OWENS.  
H.R. 761: Mr. ALLEN.  
H.R. 774: Mr. SPRATT.  
H.R. 782: Mr. ROGERS of Michigan and Mr. GILLMOR.  
H.R. 796: Mr. KLECZKA.  
H.R. 822: Mr. DEFazio.  
H.R. 843: Mr. GILMAN and Ms. MCKINNEY.  
H.R. 848: Mr. ENGEL, Mrs. MALONEY of New York, and Ms. LOFGREN.

H.R. 853: Mr. PLATTS.  
H.R. 854: Mr. LUCAS of Kentucky, Ms. WOOLSEY, Mr. SPRATT, and Ms. LOFGREN.  
H.R. 887: Mrs. CAPITO.  
H.R. 951: Mr. BARCIA, Mr. GILLMOR, Mr. MOLLOHAN, Mr. MCGOVERN, Mr. EHLERS, Mr. PITTS, Mr. HOEFFEL, Mr. ENGLISH, Mr. CUMMINGS, Mrs. KELLY, Mr. DEMINT, and Mr. SUNUNU.  
H.R. 975: Mr. CROWLEY and Mr. ROSS.  
H.R. 981: Mr. SHADEGG, Mr. RAMSTAD, Mrs. JOHNSON of Connecticut, Mr. MICA, and Mr. CANNON.  
H.R. 1024: Mr. MORAN of Kansas, Mr. SWEENEY, Mr. SHADEGG, Mr. POMBO, Mr. HAYES, and Mr. NEAL of Massachusetts.  
H.R. 1037: Mr. ISAKSON, Mr. CLEMENT, and Mr. MCGOVERN.  
H.R. 1073: Mrs. MALONEY of New York, Mr. ROSS, Mr. SIMMONS, Mrs. KELLY, and Mr. LARSON of Connecticut.  
H.R. 1076: Mr. ROTHMAN, Mr. HOYER, Ms. SANCHEZ, Mr. ORTIZ, Mr. MOLLOHAN, Mr. OLVER, Mr. SNYDER, Mr. SCHIFF, Mr. FATTAH, and Mr. LIPINSKI.  
H.R. 1082: Mr. LEACH, and Mr. TIAHRT.  
H.R. 1097: Mr. LARSEN of Washington, Mr. LANGEVIN, and Mr. MARKEY.  
H.R. 1110: Mr. EHLERS.  
H.R. 1154: Mr. TOWNS.  
H.R. 1155: Mr. WAXMAN, Mrs. BONO, Ms. LOFGREN, Mr. LOBIONDO, Mr. MATSUI, Mr. HOBSON, Mr. PLATTS, Mr. BONIOR, Mr. LAHOOD, and Mr. HONDA.  
H.R. 1164: Mr. HILLIARD.  
H.R. 1198: Mr. BOSWELL and Mr. MCDERMOTT.  
H.R. 1232: Mr. STRICKLAND and Mr. MCGOVERN.  
H.R. 1238: Mr. MCHUGH, Mr. JONES of North Carolina, Mr. GONZALEZ, Mr. DOYLE, Mr. MCGOVERN, Mr. MCDERMOTT, Mr. CUMMINGS, Mr. PLATTS, Mr. NEAL of Massachusetts, and Mr. EVANS.  
H.R. 1289: Ms. MCCOLLUM and Mr. CONYERS.  
H.R. 1291: Mr. BAKER, Mr. MORAN of Kansas, Mr. SOUDER, and Mr. TIBERI.  
H.R. 1296: Mr. MATHESON, Mr. PICKERING, Ms. JACKSON-LEE of Texas, and Mr. THOMPSON of California.  
H.R. 1305: Mr. DELAY, Mr. FLETCHER, and Mr. HASTINGS of Washington.  
H.R. 1316: Mrs. JOHNSON of Connecticut, Mr. CLEMENT, Mr. FOLEY, and Mr. UDALL of Colorado.  
H.R. 1331: Mr. BARR of Georgia.  
H.R. 1342: Mr. NEY.  
H.R. 1388: Mr. LUCAS of Kentucky and Mr. LATHAM.  
H.R. 1412: Mrs. BIGGERT, Mr. CALLAHAN, Mr. JOHNSON of Illinois, and Ms. HART.  
H.R. 1424: Mr. FILNER and Mr. PAYNE.  
H.R. 1438: Mr. SPENCE, Mr. HILLEARY, Ms. DUNN, and Mr. WELLER.  
H.R. 1462: Mrs. CUBIN.  
H.R. 1520: Mr. THOMPSON of Mississippi.  
H.R. 1522: Mr. PALLONE, Ms. CARSON of Indiana, Mr. PASTOR, Mr. RANGEL, and Mr. ABERCROMBIE.  
H.R. 1542: Mr. ORTIZ, Mr. KILDEE, Mr. ALLEN, Mr. SERRANO, and Mr. BROWN of South Carolina.  
H.R. 1553: Mrs. MYRICK, Mr. UDALL of Colorado, and Mr. MATSUI.  
H.R. 1556: Mr. SPRATT, Mr. McNULTY, Mr. HALL of Texas, and Mr. REYNOLDS.  
H.R. 1587: Mr. BROWN of South Carolina, Mr. GONZALEZ, Mr. MCGOVERN, Mr. SCHIFF, and Mr. MATHESON.  
H.R. 1596: Mr. SOUDER, Mr. RAMSTAD, Mr. GOODE, and Mr. MCGOVERN.  
H.R. 1598: Mr. MCGOVERN and Mr. UPTON.  
H.R. 1600: Mr. KOLBE, Mr. SESSIONS, Mr. FLAKE, and Mr. NEAL of Massachusetts.  
H.R. 1605: Mr. WELDON of Florida, Mr. HASTINGS of Florida, and Mr. FOLEY.  
H.R. 1613: Mrs. ROUKEMA.  
H.R. 1641: Mr. GREENWOOD.  
H.R. 1642: Mr. ALLEN, Mr. GEORGE MILLER of California, and Mr. SMITH of Washington.  
H.R. 1656: Mr. DEUTSCH.  
H.R. 1675: Mr. FLAKE.  
H.R. 1682: Mrs. MCCARTHY of New York, Mr. KING, Mr. PALLONE, Mr. FROST, and Mr. OWENS.  
H.R. 1685: Mr. BROWN of Ohio, Mr. PAYNE, Mr. FRANK, Mr. LANGEVIN, Mr. LAFALCE, Mr. DEUTSCH, and Mr. BONIOR.  
H.R. 1687: Mr. DAVIS of Illinois.  
H.R. 1690: Mr. RUSH.  
H.R. 1700: Mr. RUSH.  
H.R. 1701: Mr. BARTLETT of Maryland, Mr. COOKSEY, Mrs. EMERSON, Mr. POMBO, Mr. DICKS, Ms. HOOLEY of Oregon, Mr. BRYANT, Mr. SPRATT, Mr. TIAHRT, and Mr. MORAN of Kansas.  
H.R. 1717: Mr. STUPAK.  
H.R. 1723: Mr. HEFLEY, Mr. RUSH, Mr. HILLEARY, Mr. SIMMONS, Mrs. KELLY, Ms. MILLENDER-MCDONALD, and Mr. LIPINSKI.  
H.R. 1726: Mr. FRANK, Ms. JACKSON-LEE of Texas, and Mr. RANGEL.  
H.R. 1733: Mrs. JONES of Ohio.  
H.R. 1734: Mrs. THURMAN, Mr. JACKSON of Illinois, Mr. BARCIA, and Mr. TIERNEY.  
H.R. 1745: Mr. KIRK.  
H.R. 1754: Mr. ALLEN, Mr. HILLIARD, Mr. WOLF, Mr. STUPAK, Mr. BILIRAKIS, and Mr. CROWLEY.  
H.R. 1773: Mr. BALDACCIO and Mr. EVANS.  
H.R. 1774: Mr. COSTELLO, Mr. ROGERS of Michigan, Mr. SHOWS, Mr. SHIMKUS, Mr. TANCREDO, Mr. PLATTS, Mr. FLAKE, and Mr. SENSENBRENNER.  
H.R. 1779: Mr. DEFazio, Mr. GEORGE MILLER of California, Mr. CLAY, and Ms. HOOLEY of Oregon.  
H.R. 1781: Mr. SMITH of New Jersey.  
H.R. 1795: Mrs. LOWEY, Mrs. MCCARTHY of New York, Mr. ENGEL, Mr. McNULTY, Mr. WAXMAN, Mr. BERMAN, Mr. ENGLISH, Mrs. MORELLA, Mr. SCHROCK, Ms. DELAURO, Mr. SWEENEY, Mr. EVANS, Mr. SHERMAN, and Mr. WAMP.  
H.R. 1798: Ms. ESHOO.  
H.R. 1804: Ms. SLAUGHTER.  
H.R. 1810: Mr. UDALL of Colorado, Ms. MCKINNEY, and Mr. OBERSTAR.  
H.R. 1811: Mr. OTTER, Mr. HERGER, and Mr. HOUGHTON.  
H.R. 1818: Mrs. MINK of Hawaii.  
H.R. 1834: Mr. GARY G. MILLER of California, and Mr. CROWLEY.  
H.R. 1839: Mr. BONIOR.  
H.R. 1841: Mrs. MORELLA, Mr. BENTSEN, Mr. FALEOMAVAEGA, Mr. LAFALCE, Mr. INSLEE, Mr. NEAL of Massachusetts, and Mr. OWENS.  
H.R. 1864: Mr. PAYNE.  
H.R. 1891: Mr. TIBERI, Mr. FERGUSON, Mr. CLEMENT, Mr. SMITH of New Jersey, Mr. SESSIONS, Mr. PENCE, Mr. BACHUS, Mr. SHIMKUS, Mr. LAHOOD, and Mr. BLUNT.  
H.R. 1892: Mrs. BIGGERT, Mr. WAXMAN, Ms. SANCHEZ, and Mr. RUSH.  
H.R. 1897: Mr. PAYNE, Mr. ROSS, and Mr. HINCHEY.  
H.R. 1922: Mr. PAYNE.  
H.R. 1928: Mr. MCGOVERN.  
H.R. 1929: Mr. MCGOVERN, Mr. WAXMAN, Mr. LARSEN of Washington, and Ms. LOFGREN.  
H.R. 1942: Mr. EVANS and Mr. JOHNSON of Illinois.  
H.R. 1945: Mr. PAYNE and Mr. SMITH of New Jersey.  
H.R. 1950: Mr. BURTON of Indiana.  
H.R. 1978: Mr. CAPUANO, Mr. FILNER, Ms. JACKSON-LEE of Texas, Mr. OLVER, Ms. SCHAKOWSKY, and Ms. WOOLSEY.  
H.R. 1984: Mr. HILLEARY.  
H.R. 1992: Mr. GRAHAM and Mr. TANCREDO.  
H.R. 1997: Mr. FILNER, Mrs. THURMAN, and Mr. FRANK.  
H.R. 2001: Mr. LARGENT.  
H.R. 2005: Mr. BROWN of Ohio, Mr. CLAY, Mr. FROST, Mr. KUCINICH, and Mr. FRANK.  
H.R. 2008: Ms. WATSON, Mr. HASTINGS of Florida, Mr. FORD, Mr. MEEKS of New York,

Ms. MCKINNEY, Ms. LEE, Mr. BISHOP, Mr. CLAY, Mr. OWENS, Mr. CUMMINGS, Mrs. CLAYTON, and Ms. EDDIE BERNICE JOHNSON of Texas.

H.R. 2013: Mr. DEFazio, Mr. JACKSON of Illinois, Mr. LUTHER, and Ms. LEE.

H.R. 2036: Mr. BACHUS, Mr. TERRY, Mr. TAYLOR of North Carolina, Ms. MCKINNEY, Ms. RIVERS, Mr. WOLF, Mr. DEFazio, Mr. OWENS, Mr. McNULTY, Mr. LARSON of Connecticut, Mr. CLAY, Mr. KOLBE, Ms. HART, Mr. BALDACCIO, and Mr. BOYD.

H.R. 2055: Mr. ISTOOK, Mr. PENCE, Mr. JONES of North Carolina, Mr. SCHAFER, Mr. BURTON of Indiana, Mr. TOOMEY, Mr. LARGENT, Mr. DEMINT, and Mrs. MYRICK.

H.R. 2064: Mr. KILDEE, Mr. CLAY, and Ms. MCCOLLUM.

H.R. 2073: Mr. SHOWS, Mr. SMITH of New Jersey, Mr. GOODE, Mr. MCGOVERN, Mr. KILDEE, Mr. FILNER, Mr. RAHALL and Mrs. THURMAN.

H.R. 2074: Ms. CARSON of Indiana.

H.R. 2078: Mr. JACKSON of Illinois, Mr. CRANE, Ms. PELOSI, Mr. HALL of Texas, Mr. BOYD, Mr. STENHOLM, Mr. PHELPS, Mr. TOM DAVIS of Virginia, Mr. CALVERT, Mrs. BIGGERT, Ms. HART, Mr. JONES of North Carolina, and Mr. ANDREWS.

H.R. 2095: Ms. MCKINNEY.

H.R. 2096: Mr. GRUCCI, Mr. AKIN, and Mr. BURTON of Indiana.

H.R. 2102: Mr. CLAY, Mr. COSTELLO, Mr. MCINTYRE, Mr. RODRIGUEZ, Mr. FROST, and Mr. BALDACCIO.

H.R. 2118: Mr. FROST and Mr. WAXMAN.

H.R. 2123: Mr. GILLMOR, Mr. SHERMAN, Mr. PLATTS, and Ms. BALDWIN.

H.R. 2131: Ms. SLAUGHTER and Mr. BERMAN.

H.R. 2138: Mr. COYNE, Mrs. JONES of Ohio, Mr. LEWIS of Georgia, and Mr. SMITH of Michigan.

H.R. 2149: Mr. PITTS, Mr. TOM DAVIS of Virginia, and Mr. KENNEDY of Minnesota.

H.R. 2156: Mr. GREENWOOD.

H.R. 2164: Mr. WEINER.

H.J. Res. 6: Mrs. THURMAN and Mr. CAPUANO.

H.J. Res. 36: Mr. HOSTETTLER, Mr. PUTNAM, Mr. KIRK, Mr. CARSON of Oklahoma, Mr. NUSSLE, Mr. NEY, Mr. NORWOOD, and Mr. STRICKLAND.

H.J. Res. 38: Ms. MCKINNEY.

H. Con. Res. 3: Ms. PELOSI.

H. Con. Res. 17: Mr. WU and Mr. MORAN of Virginia.

H. Con. Res. 20: Mr. SIMMONS, Mr. KIND, and Ms. BALDWIN.

H. Con. Res. 25: Ms. MCKINNEY, Mr. MORAN of Virginia, and Mr. WOLF.

H. Con. Res. 48: Mr. STUMP.

H. Con. Res. 68: Mr. BARCIA.

H. Con. Res. 102: Mr. McNULTY, Ms. LEE, Mr. WEXLER, Mr. SABO, Mr. GREENWOOD, Mr. MEEKS of New York, Ms. LOFGREN, and Mr. HILLIARD.

H. Con. Res. 144: Mr. KNOLLENBERG, Mr. BURTON of Indiana, Mr. ROHRBACHER, Mr. ENGLISH, Mr. CAMP, Mr. LIPINSKI, Ms. KAPTUR, and Mr. LEVIN.

H. Con. Res. 154: Mr. ARMEY, Mr. DELAY, Mr. SESSIONS, Mr. BARTON of Texas, Mr. SANDLIN, Mr. REYES, Mr. ORTIZ, Mr. FROST, Mr. GREEN of Texas, Mr. TURNER, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. MCINTYRE, Mr. ETHERIDGE, Mrs. MYRICK, Mr. JONES of North Carolina, Mr. TAYLOR of North Carolina, Mr. BALLENGER, Mr. HAYES, and Mr. ISTOOK.

H. Res. 65: Mr. STUPAK and Mr. WICKER.

H. Res. 101: Mr. BONIOR.

H. Res. 124: Mr. KERNS, Mr. BAKER, Mr. BARTLETT of Maryland, Mr. HILLIARD, and Mr. BISHOP.

#### DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 7 of rule XII, sponsors were deleted from public bills and resolutions as follows:

H.R. 324: Mr. DEAL of Georgia.

H.R. 1319: Ms. HART.

#### PETITIONS, ETC.

Under clause 3 of rule XII, petitions and papers were laid on the clerk's desk and referred as follows:

28. The SPEAKER presented a petition of the Legislature of Rockland County, New York, relative to Resolution No. 244 petitioning the United States Congress to enact the Younger Americans act; to the Committee on Education and the Workforce.

29. Also, a petition of the Legislature of Rockland County, New York, relative to Resolution No. 241 petitioning the United States Congress and the New York State Legislature to enact legislation that would require health insurance companies to provide coverage for dental care; jointly to the Committees on Energy and Commerce and Ways and Means.

#### DISCHARGE PETITIONS

Under clause 2 of rule XV, the following discharge petition was filed:

Petition 1. June 13, 2001, by Mr. BRAD CARSON on House Resolution 146, was signed by the following members: Brad Carson, Rosa L. DeLauro, Martin Frost, Major R. Owens, Carolyn C. Kilpatrick, Stephanie Tubbs Jones, Gregory W. Meeks, Ciro D. Rodriguez, James A. Traficant, Jr., Michael M. Honda, Hilda L. Solis, Grace F. Napolitano, Shelley Berkley, Mike Thompson, Janice D. Schakowsky, John Lewis, George Miller, Nancy Pelosi, David E. Bonior, Robert E. Andrews, Karen L. Thurman, Anna G. Eshoo, Charles B. Rangel, Darlene Hooley, Dennis J. Kucinich, Steven R. Rothman, Ellen O. Tauscher, Patsy T. Mink, Benjamin L. Cardin, Wm. Lacy Clay, Carolyn

McCarthy, Betty McCollum, Richard A. Gephardt, Robert A. Brady, Alcee L. Hastings, Joseph M. Hoeffel, Brad Sherman, Brian Baird, Karen McCarthy, Robert Menendez, Barbara Lee, Juanita Millender-McDonald, Danny K. Davis, Jesse L. Jackson, Jr., David D. Phelps, Rod R. Blagojevich, Donald M. Payne, Rick Larsen, Mike McIntyre, James R. Langevin, Earl Blumenauer, Ruben Hinojosa, Baron P. Hill, John F. Tierney, Adam B. Schiff, Diane E. Watson, Dale E. Kildee, Nick Lampson, Jim McDermott, Eva M. Clayton, Sanford D. Bishop, Jr., Albert Russell Wynn, Frank Mascara, Jane Harman, Robert T. Matsui, Bob Etheridge, John M. Spratt, Jr., Peter A. DeFazio, Lynn C. Woolsey, John B. Larson, Charles A. Gonzalez, Thomas H. Allen, Xavier Becerra, Steve Israel, Susan A. Davis, Jim Matheson, Mike Ross, Gene Green, Silvestre Reyes, Joe Baca, Ronnie Shows, James H. Maloney, Barney Frank, Fortney Pete Stark, Bob Filner, Lois Capps, Tom Udall, David Wu, Thomas M. Barrett, Vic Snyder, Carolyn B. Maloney, Gary A. Condit, Gerald D. Kleczka, Robert A. Borski, Lane Evans, Patrick J. Kennedy, James P. McGovern, John W. Olver, Harold E. Ford, Jr., Loretta Sanchez, Martin T. Meehan, Ted Strickland, James A. Barcia, Lynn N. Rivers, Solomon P. Ortiz, Bob Clement, David E. Price, Michael E. Capuano, Jose E. Serrano, Maurice D. Hinchey, Ken Lucas, Diana DeGette, Zoe Lofgren, Carrie P. Meek, Max Sandlin, Corrine Brown, William D. Delahunt, Rush D. Holt, Anthony D. Weiner, Tammy Baldwin, Tony P. Hall, Cynthia A. McKinney, Sheila Jackson-Lee, Marcy Kaptur, Julia Carson, Eliot L. Engel, Christopher John, Lloyd Doggett, Luis V. Gutierrez, Joseph Crowley, Maxine Waters, Bart Gordon, Chaka Fattah, Robert Wexler, Jim Davis, Michael R. McNulty, Leonard L. Boswell, Bart Stupak, Tim Holden, Bill Pascrell, Jr., Frank Pallone, Jr., Ron Kind, John Elias Baldacci, Dennis Moore, Adam Smith, Ken Bentsen, Peter Deutsch, James P. Moran, Sherrod Brown, Ed Pastor, Nydia M. Velazquez, William J. Jefferson, John J. LaFalce, Tom Lantos, Edolphus Towns, Bernard Sanders, Jay Inslee, William O. Lipinski, Mark Udall, Nick J. Rahall II, David R. Obey, Sander M. Levin, Chet Edwards, Jerrold Nadler, Marion Berry, Gary L. Ackerman, Earl F. Hilliard, John Conyers, Jr., Louise McIntosh Slaughter, Bennie G. Thompson, Elijah E. Cummings, John D. Dingell, Bobby L. Rush, Melvin L. Watt, Howard L. Berman, Edward J. Markey, James L. Oberstar, Ralph M. Hall, Calvin M. Dooley, Michael F. Doyle, Bill Luther, Robert E. (Bud) Cramer, Jr., Ike Skelton, Earl Pomeroy, Lucille Roybal-Allard, William J. Coyne, Jerry F. Costello, Allen Boyd, Nita M. Lowey, James E. Clyburn, Paul E. Kanjorski, Steny H. Hoyer, Norman D. Dicks, Henry A. Waxman, Sam Farr, Robert C. Scott, and Neil Abercrombie.